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JPRS Report

East Asia

Southeast Asia

3 AUGUST 1987

EAST ASIA

SOUTHEAST ASIA

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ASEAN MEETING HIGHLIGHTS CANBERRA, WASHINGTON DIFFERENCES

Sydney THE AUSTRALIAN in English 20, 21 Jun 87 p 9

[News analysis by Nicholas Rothwell in Singapore: "ASEAN Dramatises Pacific Rift"]

[Text]

THE United States Secretary of State, Mr George Shultz, and Defence Secretary, Mr Caspar Weinberger, arrive in Australia today after attending a landmark Association of South-East Asian Nations (ASEAN) meeting here that has dramatised the rapid changes dividing the two allies and affecting Western interests throughout Asia and the Pacific.

Until this year, the Pacific was a haven of tranquillity. South-East Asia a theatre of potential Cold War conflict.

Now, in the wake of the coup in Fiji, the Pacific looms as a major problem area for the US, while for the first time in eight years there are grounds for hope that negotiations could help resolve the East-West stand-off over Kampuchea.

Australia, as the key US ally in the Pacific, and a vital diplomatic force in South-East Asia, plays a central role in both these regions, yet there has been little co-ordination or harmony evident between Washington and Canberra in recent weeks.

In part, this is because both nations are turned inwards: Australia occupied with its election campaigning, while the US diplomatic elite copes with the aftermath of the Iran-Contra affair.

In large measure the lack of agreement between the two al-

lies is more a question of atmosphere, pointing to a difference of directions and goals.

American priorities are linked to the US view of the world as a stage for a "zero-sum conflict" where every Western loss is a Soviet gain, while Australia often adopts positions based on a dewy-eyed commitment to high-minded principles - the kind of moral luxury a middle-ranking power can afford.

These differences of style and emphasis were on display at the ASEAN meeting held over the past week in Singapore. Both the US and Australian delegations were bit-part players on this Asian set-piece stage.

Against the back-drop of Singapore's most opulent luxury hotels and conference halls, the American delegation and their security battalions moved, spoke and canvassed with a ponderous precision more appropriate to a military invasion force.

The Australians under the free-wheeling guidance of the Minister for Foreign Affairs, Mr Hayden, presented a well-managed face of bluff insouciance worthy of Mick Dundee abroad.

These two close allies, as they hold bilateral talks in Sydney over the weekend and on Monday, will ponder the range of divisions that have emerged between them; often merely variations of emphasis, but sufficient in number to cast a disturbing suspicion over the relationship.

A case could be made that diverging philosophies, economic

interests and preoccupations are acting to drive the two countries apart. The shifts may be subtle - one high-profile US official commented glibly last week that there were "no bilateral disputes" between the two allies - but the faint crackle of strains and tensions forming is easy to detect, even against the background of bonhomie inherited from World War II's glory days of comradeship.

The ASEAN meeting made plain that one well-known split between the two countries is deepening.

The US remains resolutely suspicious of Vietnam's intentions in Indochina, and will not be convinced by fine words alone that Hanoi wishes to pull out of Kampuchea.

Australia is cautiously optimistic that the new leaderships in Moscow under Mr Gorbachev and in Hanoi under Mr Nguyen Van Linh do seriously seek to negotiate a settlement to the Kampuchean quagmire.

Mr Hayden stressed, in various talks, that his Canberra meeting with the Soviet Foreign Minister, Mr Eduard Shevardnadze, left him with hope for a more engaged relationship with the Soviets, founded on negotiated settlements to the various Soviet proxy conflicts in the region.

Washington is still sceptical that Moscow's diplomatic offensive over such problems as Kampuchea and Afghanistan is merely a cover for prolonging the status quo.

Other topics raised during the ASEAN talks in Singapore also showed the differences between the US and Canberra. A vaguely drafted Indonesian-backed call for further work on a draft nuclear-free zone in South-East Asia has been sternly opposed by the US, but greeted with gentle interest by Australian representatives.

The Americans undoubtedly regard the South Pacific Nuclear-Free Zone treaty, backed by Canberra, as a problem for their Pacific nuclear weapons deployment strategies of a kind that would be unacceptable in the vital strategic scalanes of Asia.

Mr Hayden, in his ASEAN meeting speech, expressed the hope that Australian pressures for arms control had been a "helpful irritant" and even suggested that further superpower negotiations could lead to nuclear-free zones being superseded.

He spoke from the point of view of a leader concerned with regional security and prevention of nuclear conflict; American officials tend to reflect the worries of a superpower marshalling a global strategy.

Also discussed at the Singapore meeting, and certain to be on the agenda for the talks between the US and Australian foreign and defence officials in the days ahead, was the Fiji coup and its consequences for the stability of the entire Pacific region.

Both Australia and the US have effectively acquiesced in the abortion of the democratic process in Fiji - a fact that did not pass unnoticed among the ASEAN delegations.

US intelligence experts remain bewildered by the fact that they received no warning from Canberra that trouble was brewing in an area traditionally delegated to Australia as its "beat".

There are also pervasive differences in style between the American and Australian approaches to diplomacy and politics - differences that were evident in Singapore.

The American officials, backed by the overwhelming economic and military strength of the US and at the same time made vul-

nerable by Washington's brittle international prestige, tended to assume a leadership role, dictating the correct Western responses to international problems.

At one closed session of the ASEAN meeting Mr Shultz outlined the shared position of delegations on Kampuchea - Mr Hayden dissented pointedly by highlighting Canberra's refusal to countenance backing for the Khmer Rouge faction.

Many ASEAN diplomats and members of the delegations of "dialogue partners" attending the Singapore conference, such as Canada, the European Community and New Zealand, expressed a certain surprise at the distances separating Australian and American positions.

Both the US and Australia, as Pacific region powers, are perturbed by the new Soviet expansion in the region - certain to be high on the agenda in the bilateral talks.

Yet even on such crucial questions as the Soviet military facilities at Cam Ranh Bay in Vietnam, they managed to differ at the ASEAN meeting. The US view is that Cam Ranh Bay is a vital Soviet base. Mr Hayden ventured his view that it would not be "critical in the event of a major war".

A neat reflection of the varying duties and burdens placed on the US and Australia by circumstance can be seen in the attitudes of the two allies towards the ASEAN States.

Washington sees ASEAN, now celebrating its 20th anniversary, as a diplomatic ally to be bolstered in the ideological war between the superpower blocs in South-East Asia.

Although ASEAN is at best a loose collection of neighbouring States yoked together more by shared economic philosophy than by political concerns, the US sees the organisation largely in terms of its determined stance opposed to Vietnamese expansion.

But Australia does not share this perspective. Canberra disagrees with ASEAN's key foreign policy stand, its backing for the anti-Vietnamese Kampuchean resistance coalition that includes the murderous Khmer Rouge, and instead sees ASEAN more as a fledgling political grouping,

still developing a common agenda for the years ahead.

ASEAN's first role as talk-shop to knit together a ragged region, gave way in the late 1970s to a more aggressive diplomatic agenda in keeping with its member States' new-found economic power, and is now again in need of redefinition.

ASEAN members will hold a summit meeting to review the organisation's performance at the end of this year in Manila.

There was much cynical hand-wringing behind the scenes at the Singapore conference, for fear that if the Kampuchea question was somehow resolved between the superpowers, ASEAN would lose its "best" unifying problem, but such concerns seem misplaced.

Intriguingly, Singapore's Prime Minister, Mr Lee, in his opening speech, invited Tokyo to play a higher-profile in the development of South-East Asia.

Mr Lee spoke glowingly of Japan's "strong lead in technology, her disciplined social system, and strong administration and efficient business management".

The implication was clear - the time for worrying about Japanese militarism in World War II was past, and there was an urgent need for a new force to counter-balance Western influences.

The lesson of the Singapore meeting, for both Canberra and Washington, may be that ASEAN and Japan will become the dominant trading alliance in the Asian region.

A significant increase in Japan's influence, as both cultural and economic force, would present Western nations with completely new challenges: for the first time in years, Australia and the US would have to forge together a creative response to reality, rather than just agreeing to disagree.

Singapore hinted at a vital change taking place in international affairs, with Japan emerging as economic superpower. But this emergence has come only against a backdrop of lessening Western prestige and influence, and it is that decline in authority, as well as the prowess of Tokyo's manufacturers, that is changing the complexion of ASEAN.

AGRARIAN WEEKLY LAUDS LOBBY EFFORTS IN WASHINGTON

North Richmond THE LAND in English 4 Jun 87 p 6

[Article by Don Jones]

[Text]

AT LAST Australians are making a concerted attempt to lobby US congressmen in an effort to block policies detrimental to the Australian economy.

And this is expected to be just a first step. Similar action should be taken in the EC and Japan.

No longer can we rely on talks between heads of government or diplomats to prevent trade restrictions and other policies that disadvantage Australian exporters.

Never was this more apparent than during the visit in May of the second Australian all-party parliamentary delegation to Washington.

Parliamentarians from both countries held a continuous round of discussions over three days.

This lobbying came on top of upgraded activity at the Australian Embassy in Washington. We now have a Special Minister (Commercial), John McCarthy, to lobby US congressmen.

As well, the National Farmers Federation has appointed a lobbyist to warn when US congressmen are considering anti-Australian legislation.

A number of other Australian industries including the meat, sugar and barley industries have also appointed lobbyists.

The visit by the Australian parliamentary delegation coincided with one by the Australian Meat and Livestock Corporation chairman, Dick Austen, and managing director, Peter Frawley, who also lobbied intensively to thwart moves to introduce import restrictions on Australian lamb.

The Australian delegation of six, led by ALP Rural Task Force chairman, Barry Cunningham, met privately

with 25 congressmen and senators, hurrying from office to office around Capitol Hill.

As well, they attended a lunch hosted by the influential Texas chairman of the US House of Representatives agricultural committee, "Kika" De La Garza, and two Australian Embassy receptions, making their points to more congressmen and their executive staff.

During a 24-hour stopover in Chicago they had discussions with officials of the influential American Farm Bureau Inc, the biggest farm organisation in the US, met more congressmen at a function arranged by the Australian Consul, and paid a visit to the Chicago Board of Trade, the biggest commodity exchange in the world.

The message espoused by Barry Cunningham was simple: "Australia has a \$4000 million a year trade deficit with the US. If you impose restrictions on our exports, how do you expect us to buy from you?"

As if to enforce the point, representatives from the Sikorsky Aircraft Corporation were invited to the Australian Embassy function. They were keen to see trade expanded with Australia, having clinched a \$US200 million deal to sell Australia 25 helicopters.

Mr Cunningham said it was not possible to claim a victory, but he was confident Australia's views would be considered when decisions were made in the US Congress.

Liberal Party Shadow Primary Industry spokesman, Wal Fife, continued to hammer that Australia was the US's closest friend.

National Party Deputy Leader, Ralph Hunt, pointed out that Australia had an open-door policy for US imports, with import duty on 77pc of goods being less than 5pc.

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USSR LOBBIES CANBERRA FOR SPACE COOPERATION

Sydney THE SYDNEY MORNING HERALD in English 15 Jun 87 p 3

[Article by Tom Ballantyne]

[Text]

PARIS, Sunday: The Soviet Union is trying to persuade Australia to take the socialist road into space.

The Soviet push began last month when Mr Nikolai Semionov, a leading specialist from the Commercial Department of the Russian space program, and other Soviet experts arrived in Canberra.

Their mission? To persuade Australia to launch its communications satellites aboard Soviet vehicles.

And in an interview in Paris, Mr Oleg Firsiuk, the vice-chairman on international affairs for Glavkosmos, the Soviet space agency, told me of Soviet hopes for co-operation in space with Australia.

And while Australians may think the idea is far-fetched, Mr Firsiuk made it clear that Moscow was quite serious.

He spoke in English, standing at the huge Soviet exhibit at the Paris Air Show.

The emphasis at the show is on space technology, and the Soviets have brought many of their space vehicles to Paris to show off their success in conquering the heavens — and to convince everyone, including Australia, that they are serious contenders in the highly lucrative market of satellite launches.

Mr Firsiuk said the Soviets

were keeping in contact with the Australian Government, and that Australian specialists had been invited to Moscow for further talks.

"We are also prepared to allow Australia to use our space stations to experiment in the production of new materials which can only be done in outer space," he said.

There is one serious obstacle, however. The United States is concerned that Australia may pass on vital space technology to the Soviets.

No worries, said Mr Firsiuk. "We guarantee to maintain the secrecy of any such technology and not pass it on to anyone else," he said.

Mr Firsiuk said the talks in Canberra had gone well. No final decisions were made, of course, but both sides had agreed that further discussions should be held. Contact was presently continuing "by telex".

Although the Soviet Union has denied any problems with Proton, its commercial launch vehicle, Mr Firsiuk admitted this was not true. In fact, two of the four launches held so far had failed.

However, these failures were the result of fuel and payload experiments and not because of Proton malfunctions, he said.

"For the last launch we returned to the original system, and it worked perfectly. I can assure you that if Australia were to launch its satellites aboard Proton, it would

be successful," he said.

Mr Firsiuk said all space launch systems had experienced problems, and that the Soviet one was the most reliable.

He is convinced that when Australian officials travel to Moscow, they will decide that the Soviet road into space is the best way.

Catherine Osborne writes: Both Aussat and the Department of Science have confirmed Australia's interest in Proton.

The managing director of Aussat, Mr Graham Gosewinckel, said Proton's reliability and cost made it an attractive alternative to similar Western vehicles.

He said Proton could be used for the 1990 launching of Australian satellites.

Aussat has previously used NASA (US) and Ariane (European) to launch its satellites.

Although all of these launches were successful, NASA, Ariane and their competitor, Atlanta Centaur, have experienced a number of rocket failures — unlike Glavkosmos, which has had no problems for a number of years.

The scheduled launching of an Australian satellite by Ariane in August this year was delayed for a year while Ariane checked safety procedures.

Both Aussat and the Department of Science say they believe security would be guaranteed if Australia used Proton.

AUSTRALIA

FRENCH CRITICISM OF CONSUL'S REMARKS IN NEW CALEDONIA

BK140804 Melbourne Overseas Service in English 0430 GMT 14 Jul 87

[Text] France has expressed concern to Australia about comments made by Australia's new consul general in New Caledonia, Mr David O'Leary. The French Foreign Ministry has called in the charge d'affaires of the Australian Embassy in Paris, Mr (Rick Fraser). The French ministry criticized remarks made by Mr O'Leary in interviews he gave when he arrived in New Caledonia last week.

Mr O'Leary is the permanent replacement for Mr John Dauth who was expelled from New Caledonia in January because of alleged support for pro-independence groups. The Australian Government denied that Mr Dauth had done anything wrong.

A spokesman for the Foreign Affairs Department said that when interviewed in Noumea, Mr O'Leary had restated the views of the Australian Government and the South Pacific Forum. The spokesman said that Noumea press had emphasized a comment by Mr O'Leary that Australia and the region believed that independence for New Caledonia was inevitable and desirable. He said the consul general had also restated Australia's wish to maintain a constructive dialogue with France. Mr O'Leary had denied any suggestion that Australia wanted to see France out of the Pacific.

The foreign affairs spokesman said these points had also been made to the French Foreign Ministry.

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CSO: 4200/711

FORMER OFFICIAL ANALYZES FOREIGN RELATIONS, FIJI

Sydney THE SYDNEY MORNING HERALD in English 5 Jun 87 p 13

[Commentary by Sir Arthur Tange, former head of the Departments of External Affairs, Defense: "Islands Across the Ocean"]

[Text]

IN 1980, a Soviet envoy representing his country at an independence anniversary in Suva made a matter of fact statement to me (representing Australia) that Fiji belongs to Australia's sphere of influence.

The idea comes naturally to the Soviet Union when they look at their own neighbours. Judging by the reaction of some Australians to events in Fiji prompts the thought that this approach is not a good one for us to emulate.

One might well ask whether Australia has yet learned the art of looking after its own longer-term interests and whether our political leadership is capable of resisting being propelled by its supporters and critics into other people's business.

One of Mr Hawke's better statements during the Fiji affair was to say that the South Pacific Forum, which selected him to lead a mission to Fiji, "was not seeking to impose its views on Fiji". Probably his worst was telling the media, not long before, that "economic sanctions are still on the table". Beyond providing a national catharsis for the emotionally distressed, what purpose would sanctions serve?

Some loss of perspective is understandable after a shock like Lieutenant-Colonel Rabuka's contemptible assault on the Parliament of his country and the Governor-General's later questionable use of the Fiji Constitution. Competitive denuncia-

tions are one thing. But quite another was the idea mooted that the Australian Government could or should do something to halt or divert unconstitutional events in a sovereign nation that owes Australia nothing except the obligation to protect Australian citizens.

This is not the first international shock to the sensibilities of Australians, there being, of course, some examples in relation to our northern neighbour, Indonesia. And we may have to decide how to react to others in future in a neighbourhood still coming to terms with institutions which the nations in it have inherited from European tutors.

Contests in moral indignation are not the most enlightening way of looking at the underlying currents which produce these "shocks". We would do well to grapple with one of the constant features of diplomacy — weighing the respective arguments, for intervention as urged by people concerned with the civil rights and constitutional proprieties in countries not their own or for Australian material self-interest.

Our own unquestioning belief that the parliamentary system is synonymous with democracy, about which our politicians tend to be unanimous, can inhibit co-operative relations with countries not sharing this dogmatic view. The fact is that country after country has tried the parliamentary system and abandoned it and in some cases, it would be accepted that

an inability to provide executive government was a justifiable reason. Fiji will not come to that.

But looking at Fiji's present constitution, and speculating about what changes the Council of Chiefs (a constitutionally recognised body) might want, we might remind ourselves that in Australia's general neighbourhood there are any millions who respect (whatever the future may hold) hierarchical non-elected authority just as intuitively as Australians have rejected it through all our formative history.

Some are looking at Fiji through spectacles that have less to do with facts than with ideology, whether in the ALP or in Mr Don Dunstan's so-called Movement for Democracy in Fiji when he tells us there is no racial contest between Indian and native Fijian but a class war between "the privileged and the ordinary people of Fiji".

Fiji deserves better from its friends than ideological dogma, which doubtless will have propaganda support from some political groups in Fiji itself. Anyone who has looked at Fiji from other than a tourist beach knows that there are tensions going beyond the question of who rules and who is ruled.

Indians and Melanesian Fijians alike have other grievances about unequal opportunity which the open slather of an entirely competitive society is not going to solve. Contrary

to Australian stereotypes, the problem is not simply grievance over Indian superiority in the arts of retail trading. There are disparities: for the present and maybe a generation, in aptitudes in the competitive economy, in individual initiative, and in intellectual achievement. These are deep in the respective cultures, not to be explained in Australian class conflict terms. Preferential treatment of Melanesians to correct the balance brings out accusations of bias. Distrust is endemic (although in my opinion, violence is not).

When and if a new Constitution is legitimately established, ordinary Fijians of all racial communities will probably think less about the franchise it contains for each community and more about opportunities for education, senior jobs in the public sector, land acquisition and so forth — in short the prospect of creating and sharing the opportunities they want. The two are connected.

In the immediate sense, Australia's early deployment of naval ships and troops, justified, if at all, by distrust of the ability of police and army to act together to protect Australians, was inadequately explained publicly.

Not only is Australia's power to influence events in Fiji limited, but the Government should walk carefully exercising what influence we

think we have. One objective must be to preserve some diplomatic influence throughout a region which has future military significance for Australia's defence but whose states will not be squeamish about constitutional short-cuts in Fiji.

One important matter is Australia's business, namely the conditions under which it will recognise the legitimacy of what claims to be the Government of Fiji. That country's Governor-General will have a seemingly intractable problem in finding a legal way of satisfying the demand for tilting the constitution further in favour of the Melanesians. Our Government will need a lot of wisdom in deciding how to reconcile respect for democratic principle with the practical needs of restoring working relations with our neighbour and retaining them with other sympathisers of Fiji.

One thing for sure is that it is time to get back to quiet diplomacy and to end the situation whereby the media has come to set the agenda for the conduct of our international relations. Submission to television public affairs shows, committed to entertaining their viewers, and taunting ministers to show virility in dealing with neighbours, is not the way to keep ministerial control of Australia's diplomatic relations.

/9274

CSO: 4200/683

TORRES STRAIT ISLANDERS PRESS FOR INDEPENDENCE

Sydney THE SYDNEY MORNING HERALD in English 9 Jun 87 p 4

[Article by Tony Hewett]

[Text]

Community leaders of the Torres Strait islands are seeking international support in an attempt to gain independence from Australia.

During its meeting in Samoa, the South Pacific Forum received a cable from the chairman of the Torres Strait Islands Co-ordinating Council, Mr George Mye, containing a scathing attack on the Australian Government and Mr Hawke.

The council's information officer, Mr Roland Cantley, told the *Herald* that Islanders were bitter about the domination of trade and commerce by Asians and Europeans on Thursday Island.

"Indonesians, Malaysians, Chinese and Europeans hold most of the jobs and operate shops and services - not the Islanders. They don't have a say in the running of their own affairs," Mr Cantley said.

"People should remember that the 8,500 Islanders are not Australian Aborigines - they have a culture and identity of their own and do not like being referred to as the 'black bastards' at the top of Australia."

Mr Mye's cable told forum delegates that their support was needed because of the Federal

Government's "continuing colonial treatment and neglect of the Torres Strait people".

He said that independence was the "only alternative to poverty, basic government facilities and widespread abuse of regional fishing agreements".

The council, which is funded by the Federal and Queensland Governments to represent the island's people, says that it does not intend to stop at seeking international support from Pacific nations.

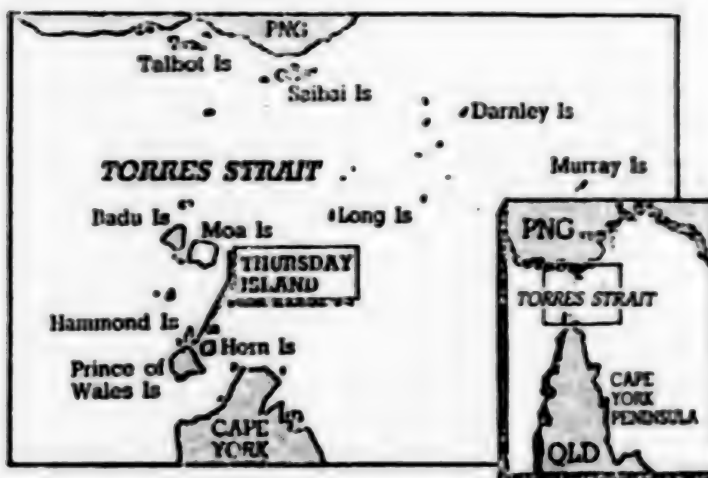
Mr Cantley said the council intended to take its case to the United Nations Decolonisation Committee.

And in the Federal election, the Islander's Torres United Party will contest two seats in Queensland - including Leichhardt - in a bid to have a voice for the Islanders in Federal Parliament.

The Minister for Aboriginal Affairs, Mr Holding, declined to comment on the council's cable and said that its sentiments may "not necessarily be the majority view".

Mr Cantley said the islands had several primary schools and the one high school on Thursday Island did not offer any form of further technical training.

He said that the islands had poor telephone and other commu-



nication facilities, no sewerage, poor water supplies, and insufficient power to generate lighting for all the people.

A major oil spillage in 1967 had destroyed the island's main source of income — cultured pearls — and left the people without regular work, according to Mr Cantley.

He said that Islanders were now suffering due to the absence of an industry or economic stimulus, which had been replaced by a reliance on social security.

He said Papua New Guinean, Asian and Australian fishermen were catching huge amounts of the island's fish, particularly the rare

tropical species and king prawns.

Islanders caught only small amounts of fish for subsistence purposes but were now trying to establish their own fishing industry.

The Queensland director of the Department of Aboriginal Affairs, Mr Tim Waucope, admitted that the island's education, communication and power facilities needed attention.

Unemployment among Islanders was high and education could be improved, he said.

He said young Islanders could always obtain higher education in Queensland with government assistance.

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CSO: 4200/683

TRANSITION OF NUCLEAR DISARMAMENT CAUSE ANALYZED

Sydney THE SYDNEY MORNING HERALD in English 15 Jun 87 p 13

[News Analysis by Tracey Aubin: "Party's Over But the Cause Lingers On"]

[Text]

SOMETHING just doesn't feel right this election. The politicians are out on the hustings, pressing flesh and making small babies cry, Australia's media organisations have assumed again that Australians want to keep abreast of election news and the promises are coming thick and fast.

All seems in order but still there is something missing. Where are the anti-nuclear people? More to the point, where have they been for 30 months?

There remains just one reminder to the Federal Government of 1984's wave of nuclear disarmament fever. For two and a half years, Senator Jo Vallentine has sat alone on the red leather in Parliament House. When Senator Vallentine won her seat as Australia's only Nuclear Disarmament Party representative, she said support for her had been fantastic. "I don't think I'll be like a lonely little petunia in an onion patch."

But there the petunia has remained and, in the meantime, even her NDP banner has been discarded. In those 30 months, something went terribly wrong with the nuclear disarmament movement.

This election, as even the staunchest anti-nukes realise, is being fought on a different front. Although there is talk of new parties, groups and movements for nuclear disarmament, the 1984 fever is dead. There is little hope of reincarnation.

Electors, according to Dr Ernie Charles, senior lecturer at Sydney University's Government department, are not concerned with the "luxury" of nuclear issues - this is strictly a hip-pocket poll.

The same under 35-year-olds who gave their support to the NDP in 1984 are just as militant these days but the issues they are

campaigning against have changed dramatically. The \$250 annual fee to study in tertiary institutions, for instance, is hurting a little more than any threat of nuclear war.

Senator Vallentine, now sitting as an Independent following the collapse of the NDP two years ago, says the days of that party are over. "The NDP was such a novelty, such a creative idea. It really caught the attention of people, particularly with Peter Garrett as a candidate," she said. "It is a shame it fell apart at the first national conference but that couldn't be helped. There can never be a re-run."

Known among the Press Gallery as Parliament's pursuer of peace, Senator Vallentine says a new party to be based in Perth is in its germination stage. Her vision of peace has not changed but nuclear disarmament supporters have since expanded their views. The new party called, for the moment, The New Movement, would have social justice and environment, as well as peace, as its main concerns.

There were flurried attempts in Perth last week to get The New Movement up and running for the July 11 election but its supporters ran out of time. There was to have been a social justice candidate but, "we were pipped at the post," Senator Vallentine said.

Yesterday, when she and Garrett, the singer with the pop group Midnight Oil who narrowly missed election to the Senate in 1984 on the NDP ticket, launched her campaign for re-election, Senator Vallentine stood with Ms Louise Duxbury, an environmental scientist from Denmark.

At the same time as the Senator and the singer made election promises and wooed the crowd, another campaign was being launched across the continent. The remnants of the NDP in NSW were making an election pitch.

Both Senator Vallentine and Garrett still think of the NDP with some bitterness. When the two walked out of the national conference early in 1985, claiming it had been taken over by the Trotskyist Socialist Workers' Party, the NDP founder and chairman, Mr Michael Denborough, lay the blame with Senator Vallentine.

He said: "If Quakers and socialists in Australia are unable to come together, how can we persuade the USA and the USSR to resolve their differences?" Senator Vallentine is a Quaker.

No one seriously expects the NDP candidates, Mr Rob Wood — who started Paddlers for Peace to train people to protest against nuclear warships in Australian ports — and Ms Irina Dunn, an activist and film-maker, to win seats this time round. To everyone else, the sole issue of nuclear disarmament in politics is passé.

Of Mr Denborough, Senator Vallentine says they still get on amiably. "But the problems that were in the NDP are still there." Garrett says he has not talked to Mr Denborough for some time and acknowledges there were mistakes made with the NDP, particularly its one-issue status.

Garrett has in mind a movement different to Senator Vallentine's, encompassing everything from peace to social justice to environment and beyond.

For the moment, though, the nuclear disarmament followers, so vocal in 1984, will remain quiet and fractured. Without the euphoria — and a coveted left hand position on the ballot paper as she had in 1984, thus picking up the "donkey vote" — Senator Vallentine's chances of getting re-elected are slim. Certainly, the polls are no comfort. Already, the hopes of her running mate, Ms Duxbury, of sitting on the red leather after the election appear hopeless.

But while winning seats in the Parliament was so consuming in 1984, nuclear disarmament supporters are being more pragmatic in this election. As Garrett says, nuclear issues do not have to be heard in the Senate to be heard.

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CSO: 4200/683

MILITANTS FORM NEW FARM UNION, HIT NFF

North Richmond THE LAND in English 18 Jun 87 p 3

[Text]

MILITANT NSW farm groups this week formed a new "national" body and immediately demanded a Royal Commission into farm costs and a debt relief scheme for financially-stricken producers.

About 40 members from a number of rural splinter groups — most notably the Canowindra Rural Reform Committee and the Women's Rural Action Committee — met at Dubbo on Monday and agreed to amalgamate themselves into the Union of Australian Farmers.

The steering chairman of the new body, David O'Dea of Canowindra, said the Farmers Union had been created to fight for the family farm — a job now being largely ignored by leaders of the National Farmers Federation and the NSW Farmers Association who were overly involved in major macro-economic issues, he claimed.

"We are not saying we are opposed to the NFF or the NSW Farmers Association but thousands of farmers are being financially devastated and we are not prepared to sit back and watch them go to the wall," Mr O'Dea said.

President of the NSW

Farmers Association, Michael Tooth, rejected these claims. He said his association was committed to helping every farmer, big and small.

Bodies like the NSW Farmers had honed in on major macro-economic issues like inflation and interest rates so vigorously because they had the potential to put big money back into producers' pockets.

For example, a one per cent drop in inflation and interest rates would save farmers \$250 million.

Mr Tooth said the NSW Farmers Association had thoroughly documented the major issues such as farm costs and high interest rates but the Federal Government hadn't the resolve to act.

Meanwhile, Mr O'Dea expects interstate groups to join the new farm body which would be registered as a union with a membership fee of about \$80 a year.

However, the Farmers Union has already pitched itself into the thick of battle with a 13-page sub-

mission to all three major political parties for a Government-backed, interest set-aside scheme for struggling farmers judged by an independent assessor (such as an NFF-accredited debt mediator) as capable of ridding themselves of debt in the long term.

Mr O'Dea said thousands of family farms — which help earn almost 40pc of Australia's export income — could be saved if the Federal Government and financiers supported the interest set-aside scheme.

Approved farmers would have up to half their interest payments set aside for three years to give them a chance of financial recovery.

They wouldn't have to pay interest on the "set-aside" or have it capitalised into total farm debt. The Federal Government and the banks would roughly share the cost of interest on the "set aside" during the three years.

The "set aside" would then be reviewed and could be extended for a further period, written-off partially or completely or repaid in full depending on the results of assessments of the farmer's financial situation.

The Union of Australian Farmers will also target at least two marginal seats — one in the country and one in the city — before the July 11 federal

election in a bid to publicise the plight of many family farmers.

Mr O'Dea wouldn't say which seats would be targeted but said groups of farmers would go to the electorates to speak directly to voters about rural issues, opinions and problems.

It appears the union may try to oust two sitting members considered 'anti-rural' to show the community that farmers can muster electoral clout.

"Agriculture will be a non-event at this election if we don't do something," Mr O'Dea said.

The union wants a far-reaching Royal Commission into farm costs which, according to Mr O'Dea, have increased 61 per cent in the past five years. This inquiry would cover many aspects of farm costs including the impact on them by tariffs, government charges and regulations, the centralised wage fixing system, interest rates and inflation.

It also wants a simultaneous Prices Surveillance Authority inquiry into bank fees, costs and charges on rural borrowers, a comparison between city and country retail food prices and the pricing of farm machinery and equipment.

OECD PREDICTS OVER 2 PERCENT ECONOMIC GROWTH

Sydney THE SYDNEY MORNING HERALD in English 19 Jun 87 pp 1, 4

[Article by Milton Cockburn]

[Text]

CANBERRA: A continued winding down of economic growth over the next 18 months is the most likely outlook for the world economy, according to the latest report of the Organisation for Economic Co-operation and Development.

The OECD, which encompasses the richest industrial nations, predicts that slow growth, high unemployment and large trade imbalances are likely to persist in most countries.

But it warns that high interest rates and inflationary pressures in the United States, and growing protectionism in international trade, have increased the risk of a major international recession.

In its brief but generally optimistic commentary on Australia, the OECD predicts economic growth of around 2½ to 2¾ per cent — slightly above the predicted OECD average.

The report says inflation in Australia may continue to decline — to 5½ to 6 per cent by the end of 1988 — as the effects of the dollar

depreciation wear off.

"A progressive end to the rundown in stocks should contribute substantially to GDP growth over [the next 18 months].

"With higher domestic demand only partly offset by a weaker contribution from the real foreign foreign balance, GDP growth may accelerate to 2½ to 2¾ per cent in 1987 and 1988."

But this would not be enough to offset the growth in the labour force and the OECD predicts the unemployment rate, now 8.2 per cent, "could edge upwards to 8½ to 9 per cent by the end of 1988".

Although the report says Australia's current account deficit (\$13.3 billion at the end of May) "may be reduced in 1987", it predicts only a modest further improvement to around \$12 billion by the end of 1988.

The Treasurer, Mr Keating, said the report did not take account of recent improvements in the balance of payments, particularly the outlook for exports, and claimed the

improvement in the current account would be better than forecast by the OECD.

"The OECD forecasts were prepared prior to the May Statement and the Premiers' Conference and their forecasts do not make allowance for the further cut back in public sector borrowing and spending that is now in train," Mr Keating said.

On wages, the OECD adds a warning note. It says compensation per employee is projected to rise by around 7 per cent in both 1987 and 1988, which is above the inflation rate, and unit labour costs by about 5½ to 6 per cent.

On the outlook for the world economy, the OECD warns that a continuation of the large indebtedness among many nations would be a serious development for the world economy.

It says this could lead to an international chain-reaction, "further weakening prospects for growth and employment".

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CSO, 4200/683

STATISTICS BUREAU FIGURES SHOW INDUSTRY RECOVERING

Sydney THE SYDNEY MORNING HERALD in English 5 Jun 87 p 4

[Article by Steve Burrell]

[Text]

CANBERRA: Australian manufacturing grew strongly in the March quarter after a sluggish 1986, figures released yesterday show, with a good performance in the vital export and import replacement industries.

The Government welcomed the figures, which helped dispel some of the gloom in poor investment figures last week.

The Australian Bureau of Statistics index of manufacturing production increased 1.8 per cent in the March quarter, after no growth in the three months to December and a 1 per cent decline in the March quarter last year.

Although the quarterly index is volatile, the March quarter increase was the largest since the 2.0 per cent jump recorded in the December quarter in 1985.

Manufacturing production remains just below the level of 1979-80, however, and well below the December 1982 peak.

Although encouraging, the figures show that industry is still climbing out of the recession of 1982-83 - which saw a major rundown of Australia's manufac-

turing capital base and dramatic slump in output - as it takes advantage of improved competition.

The index dropped to a record low of 880 in the June quarter, 1983, and has since shown two major periods of sustained growth - from the June quarter, 1983 to the March quarter, 1984 and from the December quarter, 1984 to the December quarter, 1985.

The poor outlook for new business investment also casts a cloud over the whether the strong improvement can continue.

The figures show manufacturing stocks rose marginally during the March quarter, following three successive quarters of decline. Sales also increased in most industries.

Production levels across the whole of manufacturing industry were 0.4 per cent higher than the level recorded in the March quarter last year.

The major exceptions were chemicals, petroleum and coal products which recorded a drop in both stocks and sales, resulting in a 6.5 per cent drop in production.

The Treasurer, Mr Keating, said that figures showed welcome improvement in key export and import competing sectors.

The index now stood at 999 - well above the level of 888 points when Labor won office in March 1983, he said.

Mr Keating welcomed the big increases in transport equipment production - up 11.4 per cent; and fabricated metal products - up 6.1 per cent.

"Gains in these areas are especially welcome, as they confirm the success of the Government's strategy in seeking to stimulate growth in export and import-competing activity," Mr Keating said.

"Consolidation of these gains will contribute toward a narrowing of our trade balance."

The big increase in transport equipment production was a partial recovery from the large decline in December, when there was a sharp decline in stocks of motor vehicles and parts and no compensating increase in sales.

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CSO: 4200/683

GOVERNMENT OIL EXPLORATION INCENTIVES FOR BASS STRAIT PLANNED

Sydney THE SYDNEY MORNING HERALD in English 5 Jun 87 p 17

[Article by Stephen Hutcheon]

[Text]

The Federal Government plans a package of incentives to stimulate oil exploration in Bass Strait, which could boost net returns for producers by as much as \$1.2 billion and, over five years, bring it \$3.2 billion in revenue from higher levels of production.

The review was undertaken last year in the wake of the fall in world oil prices and the subsequent threat of a further fall in exploration activity and the threat that made to the Government's revenue-raising programs.

But the announcement drew a mixed reaction from the two Bass Strait producers affected by the decision - BHP Petroleum and Esso Australia.

Esso's chairman and managing director, Mr Stuart McGill, said that his company was disappointed that the Government had not accepted its arguments to phase out crude oil excise.

BHP Petroleum International's chief executive officer, Mr Peter Willeox, said that while he appreciated the Government's efforts, the reduction in old excise announced was not enough.

"BHP will therefore continue to

press for more substantial excise reductions," he said.

The Minister for Resources and Energy, Senator Evans, said that while the package did not meet the full aspirations of the Bass Strait producers, it would lead to a new surge of industry exploration and development.

The deal, which won Cabinet endorsement on Wednesday night, has as its central strand that the old oil excise will not be restored to 87 per cent and that there will be a progressive lowering of the top marginal rate of excise on such oil to 75 per cent over the next three years.

Among other concessions, there will be an exemption from excise on the first 30 million barrels of crude production from newly developed offshore project areas, as well as onshore fields. The package takes effect from July 1.

According to Senator Evans, these concessions in excise and royalties will cost the Commonwealth about \$18 million in 1987-88 and \$297 million over the next five years.

In return, the producers have agreed to invest up to \$2 billion in exploration and will mean that they will take steps to ensure that production in 1987-88 will be as

much as 85,000 barrels a day above earlier forecasts and even more in subsequent years.

BHP/Esso will undertake new investment worth between \$400 million and \$600 million in Bass Strait, including development of production facilities at six new fields. They have agreed to reassess the Tuna B development in Bass Strait which, if implemented, could result in additional expenditure of \$800 million.

As a result of the higher levels of production, the Government is expecting to reap a net amount of \$3.2 billion over the next five years.

In other developments, Senator Evans said that the Government's review of crude oil marketing arrangements would be complete by the middle of the month.

He hinted that the Government was on the verge of winning support from the Democrats over the controversial Resource Rent Tax.

The legislation has passed though the House of Representatives, but although it has yet to be voted on in the Senate, the Democrats made known their opposition to parts of the legislation. Debate on the bill will resume in the Budget session.

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CSO, 4200/683

BUSINESS, INDUSTRIAL LEADERS ON FAVORABLE GOVERNMENT POLICIES

Sydney THE SYDNEY MORNING HERALD in English 12 Jun 87 p 8

[Article by Tracey Aubin]

[Text]

In the 1984 Federal election, for the first time in political history, all of Australia's major media organisations endorsed Labor.

This election there is another first for Labor — the captains of industry are on its side.

Increasingly, business leaders are standing up and endorsing the Labor Government as their preferred option in the July 11 election.

At the Australian Business awards on Wednesday night, the chairman of the Bond Corporation, Mr Alan Bond, and the prominent businessman, Mr Kerry Packer, gave the Hawke Government their endorsement — and the promise of their vote.

The Labor Government, which is enjoying a most unusual relationship with the corporate sector, was increasing its stronghold.

Yesterday, business leaders interviewed by the *Herald* agreed that Labor had managed to woo much of the corporate sector. They said the Liberal Party's claim to the corporate vote was slowly disappearing.

The managing director of Adelaide Steamship, Mr John Spalvins, said "Labor has pinched many of the policies the Liberals once had.

"The gap has narrowed, the extremes have been blunted, and Labor has done a lot of good things for business."

Whom would he be voting for? "My companies and I would be happy to vote for any government that is responsible — whether that be the Labor Government or a Liberal one."

The general manager of Pacific Dunlop Ltd, Mr Philip Brass, said that although he was apolitical, his company had not been adversely affected by Labor.

"In fact, I think this Government has been quite successful."

Mr Brass said that small business would have more difficulties with the Labor Government, but that big business believed generally it was doing a good and responsible job. In particular, he said, industry leaders were pleased with the calibre of ministers in the Hawke Cabinet.

"I don't think big business has many problems with the Government."

One managing director, who asked not to be named, said that he believed "they [the Liberal and Labor parties] are really not that different any more".

Other leaders contacted by the *Herald* yesterday agreed the traditional roles of the parties had become blurred.

Another managing director, who said his board did not like him to speak publicly, said the Labor Government's deregulatory economic policies were "most impressive".

The managing director of National Mutual, Mr Eric Mayer, said the Labor Government deserved credit for its accessibility to business groups.

"I think there has been and is a very good relationship between many people in business and this government," he said.

"The support probably began with the Government's readiness to discuss policies with business. In that respect it (the Government) really has been tremendous."

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CSO: 4200/683

SYDNEY EDITORIAL WARNS HAWKE ON MONETARY POLICY

Sydney THE SYDNEY MORNING HERALD in English 17 Jun 87 p 20

[Editorial: "A Promise Hawke Should Drop"]

[Text]

NOT surprisingly, Mr Keating chose to see yesterday's balance of payments figures as "a clear endorsement" of his economic policies. But away from the hustings, he should listen to at least some of the advice of the "doom and gloom merchants". The Government's monetary policy is now too loose if it cuts no more from government spending. There must be further, major spending cuts in August, notwithstanding Mr Hawke's election promise that there will be no nasty measures in his post election Budget. The alternative is to risk another collapse of the Australian dollar.

The May mini-Budget was accepted by economists and the financial markets because it cut next financial year's Commonwealth Budget deficit down to about \$3 billion. But, even with the additional \$1 billion cut from the States' borrowing, the reduction in the public sector deficit probably will be the equivalent of only about half a per cent of gross domestic product. To ensure reasonable progress in reducing the trade deficit, the public sector deficit should be cut by at least twice that much. The August Budget

should contain spending cuts of another \$1 billion.

Actually, the improvement in confidence in the Australian dollar preceded the May mini-Budget. That change in sentiment could have been reflected in a stronger dollar or lower interest rates. Given the size of the spending cuts it was prepared to make in the mini-Budget, the Government should not have eased monetary policy. It should have let the dollar go up, even if that meant squeezing the profits of exporters. Instead, it let interest rates fall. It let them fall again yesterday when the market was pleasantly surprised by the May balance of payments.

The fall in interest rates has increased the Government's chances of re-election, but it has also provided fuel for the growth of domestic demand next financial year. Renewed growth in demand would suck in imports — possibly at a very rapid rate, as importers restock after the long period of depressed demand. Clearly, some of the improvement in the balance of payments is due to the improvement in competitiveness that has resulted from the dollar's depreciation. However, much of the improvement

is still due to the suppression of domestic demand.

Australia's trade figures are pleasantly surprising the markets now, but if domestic demand picks up, they may not be so encouraging next financial year. And the numbers will be worse over the next few months anyway. They'll be worse for seasonal reasons — partly because the shops will be stocking up for Christmas. And they also may be worse because the last few monthly trade deficits have been unsustainably low, because importers have not been ordering and have been running down their stocks.

Bad trading figures will lead the financial markets to critically re-examine the stance of fiscal and monetary policy. If the Government is caught with its foot off the economic brakes, it could spend another long period with interest rates at investment-crushing levels trying to regain the confidence of the markets. Mr Hawke ought to foreshadow further spending cuts now. If he continues with his present promise of no further cuts in the August Budget, voters must understand it is a promise that Mr Hawke will have to break if he is re-elected. The financial markets will make him or they will make him push up interest rates.

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CSO: 4200/683

AUSTRALIA

BRIEFS

AGREEMENT ON FREE TRADE—Australia and New Zealand have agreed to eliminate barriers to free trade on clothing and footwear between the two countries by 1995 at the latest. The Australian minister for industry and technology, Senator Button, and the minister for trade, Mr Dawkins, said this would be achieved as a result of new access arrangements to come into effect next January. The new arrangements were agreed under the Closer Economic Relations Trade Agreement. [Excerpt] [Melbourne Overseas Service in English 0830 GMT 25 Jun 87 BK] /8309

CSO: 4200/711

COAL IMPORT FOR SURALAYA POWER PLANT

Jakarta BUSINESS NEWS in English 19 Jun 87 p 3

[Text] Part of the coal needed to operate the Suralaya thermal power station in West Java remain imported till 1990. Around 4.2 million tons out of 4.4 million tons of coal supplied to the power station in 1990 will come from local coal mines and the remaining 0.2 million tons are imported, according to the coordinator of coal transportation.

The local coal supplied to the power plant comes from South Sumatra (Bukit Asam coal mine) and East Kalimantan. The two coal mines will be able to meet entirely the need of the plant for coal in 1994.

The plant needs 2.2 million tons of coal this year, while the coal production of the Bukit Asam coal mine is estimated at 1.3 million tons and the East Kalimantan coal mine has not been productive. The coal production is projected to reach 2 million tons comprising 1.6 million tons from Bukit Asam and 400,000 tons from East Kalimantan in 1988, while the need of the plant for coal is expected to increase to 2.4 million tons. This means that at least 0.4 million tons of coal have to be imported to operate the plant.

The coal production is expected to grow further to 3.45 million tons comprising 2.7 million tons from Bukit Asam and 750,000 tons from East Kalimantan in 1989, while the need of coal to fuel the plant will rise further to 3.7 million tons. This will lower the coal import to 350,000 tons in the same year.

The coal import is projected to shrink to around 200,000 tons in 1990, as the local supply is expected to increase to 4.2 million tons composed of 3.2 million tons from Bukit Asam and 1 million tons from East Kalimantan, whereas the demand for coal is expected to reach 4.4 million tons.

But the need of the Suralaya thermal power station for coal is expected to have been fulfilled with local from the two coal mines by 1991. [as published] The local coal supply is expected to reach 5.2 million tons comprising 3.2 million tons from Bukit Asam and 2 million tons from East Kalimantan in 1991, while the need for coal to generate electricity by the plant is projected to remain unchanged at 4.4 million tons/year in the 1991-1994 period. The railway transport of coal from Bukit Asam to Suralaya is expected to increase from about 864,000 tons in 1987 to more than 1 million tons in 1993.

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CSO: 4200/673

BRIEFS

DAUD BEUREUEH DIES--Banda Aceh, 11 Jun (ANTARA)--Tengku Muhammad Daud Beureueh, 90, former military governor of Aceh, Langkat and Tanah Karo as well former first governor of Aceh, passed away here Wednesday at 07.14 pm local time at the Zainul Abidin public hospital, after undergoing an intensive care for three days. [Text] [Jakarta ANTARA NEWS BULLETIN in English 12 Jun 87 p A7] /9274

PROJECTED SUGAR PRODUCTION--Jakarta, 17 Jun (ANTARA)--Minister of Agriculture Achmad Affandi has planned to increase sugar production to 2.46 million tons in 1988 by means of intensifying sugarcane plantation. With the intensification, the income of the sugarcane farmers could increase by 20 percent in 1988 compared with that of 1986, Affandi told the press after meeting President Soeharto Tuesday. Affandi also reported to President Soeharto the development of a people's oil-palm/cacao nucleus estates (PIR) in Pasaman regency, West Sumatra scheduled to be opened by the president later this month. The estate will cover an area of 6,000 hectares, employing some 2,400 farmers. [Text] [Jakarta ANTARA NEWS BULLETIN in English 17 Jun 87 p A6] /9274

PROJECTED TEXTILE EXPORTS--Indonesia's textile exports this year are expected to be worth US\$1.1 billion to US\$1.25 billion, an increase of about 38%-45% over the export value reached last year, Chairman of the Indonesian Textile Producers Association (API) Drs Frans Seda said here recently. The projection of the textile export value this year is far bigger than the value in 1985, which stood at only US\$560 million. The high projection of Indonesia's exports of textile and textile products in 1987 has been made based on the view that the prices of textile and textile products in Europe and the United States begins improving and that the demand for those products in Europe, Asia and the Middle East also begins to grow. Frans Seda on the occasion also called on Indonesian textile exporters to other countries in penetrating the world markets. [Text] [Jakarta BUSINESS NEWS in English 17 Jun 87 p 6] /9274

PROJECTED PLYWOOD EXPORT--Apkindo (association of wood products manufacturers) has set the target of plywood exports this year at US\$1.5 billion. The high projection of the export has been made to encourage plywood producers in the country to utilise the entire installed capacity and to stimulate new investments in the plywood industry. In the first four months of 1986, the Investment Coordinating Board (BKPM) issued final permits for the setting up of 12 new wood panel/plywood factories under the foreign investment (PMA) and domestic investment (PMDN) schemes. The 12 projects involve total investments of

Kp 77.042 billion. The rapid growth of the plywood industry in Indonesia is reflected in the development of Indonesia's plywood exports and production. The biggest increase in plywood exports was recorded in 1985, particularly with Hongkong as the export destination as a result of the sharp rise in the demand for plywood in China, which has so far been buying that product from Hongkong. [Text] [Jakarta BUSINESS NEWS in English 19 Jun 87 p 9] /9274

USSR IN JAKARTA FAIR--The Soviet Union will be represented by V/O Technash-export and V/O Mashpriborintorg in the 20th Jakarta Fair to take place at the Merdeka Selatan Jakarta Fair areas here from June 20 to July 18, 1987. The purpose of the Soviet participation in the fair is to step up trade and economic relations with Indonesia. Yuri A. Bukatin, Soviet trade representative here told newsmen Thursday. Companies which will occupy the Soviet Pavilion in the Jakarta Fair consist of exporters which have been experienced for 20 years in exporting various kinds of technological equipment applicable in various vital industries, including industries which produce textile, food, polygraphic products, electronic goods and various other products, particularly products of light industries. Some of their products have entered markets in Indonesia, Singapore, Thailand, Vietnam and several other countries in the region, according to Bukatin. Direct trade relations between Indonesia and the Soviet Union started in 1956 and a trade agreement between the two countries was signed in 1974. Trade relations between the two countries have developed properly in the past several years, but remained unstable. The biggest bilateral trade value was registered in 1965 when the value reached 94.2 million rubels (US\$124 million). Indonesia's exports to and imports from the Soviet Union were then worth 90.5 million rubels (US\$119 million) and 3.7 million rubels (US\$6 million) respectively. The economic procession has led to the fall in the bilateral trade value of 45.4 million rubels (US\$68.8 million) last year. [Text] [Jakarta BUSINESS NEWS in English 19 Jun 87 p 8] /9274

ICGI AID--The Hague, 19 Jun (ANTARA)--The ICGI 30th session Thursday agreed to provide a loan to Indonesia amounting to US\$3.161 billion for the 1987/1988 fiscal year, an increase of US\$461 million compared with ICGI's aid commitment of US\$2.6 billion last year. ICGI Chairman, the minister of development co-operation of the Netherlands, Piet Bukman, in a joint press conference with the Indonesian delegation leader, the coordinating minister for the Economy, Finance, and Industry, Ali Wardhana, here Thursday evening, said that the aid consisted of a multilateral loan of US\$1.639 million and a bilateral loan of US\$1.430.8 million. Coordinating Minister Ali Wardhana explained that the increase in the aid, was mainly due to the increase in the bilateral aid commitments, while the amount of the multilateral aid remained the same as the previous year. He further pointed out that the credit loan and the program loan experienced an increase this year. [Text] [Jakarta ANTARA NEWS BULLETIN in English 19 Jun 87 p A1] /9274

CSO: 4200/673

PEACE DELEGATION VISITS USSR FOR CONFERENCE

Vientiane KPL NEWS BULLETIN in English 21 May 87 p 4

[Text] Vientiane, 21 May (KPL)-."Despite political, economic and social differences, all participants in the conference share the view that it is imperative for mankind to co-exist on earth in peace," said Hiem Phommachanh, deputy.Chairman of the Lao Committee for World Peace, Solidarity and Friendship with other nations.

The deputy.Chairman made this statement upon his return to Vientiane from a recent conference on a comprehensive system for international security in Moscow. He made known that delegates from forty countries had exchanged views on the need for the establishment of a comprehensive system for guaranteeing international security politically, economically, militarily and humanely.

"In the face of a nuclear.war threat, it is an urgent task for all to prevent outer.space militarization and eliminate nuclear weapons and other mass-annihilating weaponry," Hiem Phammachanh stressed. He said that the conference also focused on the tasks and role of the world peave movement in the present complex situation of the world for lasting peace and security on earth.

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CSO: 4200/704

HYDRO POWER DAM INTERNATIONAL FUNDING

Vientiane KPL NEWS BULLETIN in English 14 May 87 pp 5, 6

[Text] Vientiane, 28 May (KPL)--The minutes of talks on the construction of a 45,000 kw/h hydro-power dam on Set river in southern Laos were signed here yesterday between representatives of the Lao government, SIDA, UNDP and the Asian Development Bank.

According to the documents, the Swedish International Development Agency and the United Nations Development Programme will respectively grant a non-refundable aid of over 17 million U.S. dollars and 1.7 million U.S. dollars to the project. The Asian Development Bank will provide over 13.4 million U.S. dollars as a non-interest 40-year-term loan, including 0.75 per cent of the loan for the service. For its part, the Lao government will also finance the project with over 6.7 million U.S. dollars, and the Lao Electricity Company is the project's owner.

The Construction of the Set hydro-power project is to be started in mid-1988 and expected to generate electricity in 1991.

Signatories to the documents were Somphavanh Inthavong, Vice-Chairman of the State Planning Committee representing the Lao Government; Khammone Phonekeo, representative of the LEC, Torvald Akesson, representative of SIDA, Per Janvid, representative of UNDP and P. Fernando, representative of the ADB.

/9274

CSO: 4200/704

KHAMSAI SOUPHANOUVONG AT NORTHERN CONFERENCE

Vientiane KPL NEWS BULLETIN in English 23 May 87 p 1

[Text] Vientiane, 23 May (KPL)--A ten-day conference on economic management for the six northern provinces was opened in Luang Prabang province on May 15.

The conference was attended by 130 representatives from Luang Prabang, Oudomsay, Luang Namtha, Phongsaly, Bokeo and Sayaboury provinces.

The attendants studied documents on the Party's new conception on economic management and other related matters.

Among those present at the opening ceremony were Khamsai Souphanouvong, alternate member of the Party CC, Deputy-Minister and Deputy-Chief of the Central Guiding Commission for the application of the new economic management, and Khamphoui Chanthasouk, standing member of the Party Committee, Vice-Chairman of the administrative committee and Chairman of the State Planning Committee chapter of Luang Prabang province.

/9274

CSO: 4200/704

BANKING AND FINANCE CONFERENCE IN HOUAPHAN

Vientiane KPL NEWS BULLETIN in English 14 May 87 p 3

[Text] Vientiane, 14 May (KPL)—An annual conference on planning, banking and financial work was opened on May 12 in the northern Houaphane province under the chairmanship of Souphan Phengkhami, member of the LPRP CC, and deputy-head of the Committee in charge of the province. The conference was attended by over 100 cadres concerned in the province.

Present at the opening ceremony was Maysouk Saysompheng, member of the LPRP CC, head of the Committee in charge of Houaphane province. He spoke of the importance and role of the planning, banking and financial work, describing it as a key factor to the building of a socialist economy.

Maysouk Saysompheng gave advice to the attendants on how to implement the planning, banking and financial work for 1987, and for the future.

The participants in the conference are to hear reports on the implementation of the 1986 plan and a new action plan for 1987, and other documents on banking and financial work.

The conference will last 5 days.

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CSO: 4200/704

HIGH-LEVEL FINANCE COURSE

Vientiane KPL NEWS BULLETIN in English 5 Jun 87 pp 3-4

[Text] Vientiane, 5 Jun (KPL)--The high-level financial institute opened its first course here on June 3.

The one-and-a-half-year course is attended by 60 cadres throughout the country.

Addressing the opening ceremony was Yao Phouvantha, member of the Party CC, Minister of Finance.

The course is to be conducted with the help of Vietnamese experts.

Tran Ngoc Luong representing the economic attache of the SRV embassy to Laos was also present at the opening ceremony.

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CSO: 4200/704

COLUMN NOTES LAOS' STATUS AS POVERTY-STRICKEN STATE

Vientiane VIENTIANE MAI in Lao 4 Apr 87 pp 2, 4

[Talking with the editor column: "Rich and Poor Countries Around the World"]

[Excerpts] I read the political report of the LPRP Central Administration at the Fourth General Party Congress in the November 1986 special 37th year anniversary issue. It stated that:

Our country currently is grouped among the 20 poorest and most underdeveloped countries in the world.

I would like to know what those 20 countries are and I would like to ask you how many countries are underdeveloped like ours.

I hope you can explain this to me.

Dear Houmpheng,

Your letter has been laying here for many months because I could not find the answer. In reality, we have information, but it is old, from 1984. Concerning the issue of underdeveloped countries, a list was released by the United Nations in 1984, with a total of 37 countries. Laos was classified as very backward. Since then, the situation has changed, as many periodicals have confirmed that currently there are only around 20 poor countries. Anyway, we have not seen another announcement by the UN Food and Agricultural Organization, which once a year conducts a survey. Perhaps it has released information, but the editor has not seen it yet, so I owe you that answer; when I receive that document, I will write you again.

As for the question, a private research group has ascertained through research that there is currently a total of 30 underdeveloped countries, of which 24 are in Africa and 6 in Asia. A country is classified as poor on the basis of the calculated average annual income of the population. For example, in a rich country, the average annual individual income is around U.S. \$1,000 or more, while that for a poor country is not even U.S. \$100 per year. That private research group has discovered that the worst-off country is Mozambique in Africa; the country with the best living standard is Switzerland. Nevertheless, do not be overly anxious to believe the UN Food and Agricultural Organization. It might have different figures, such as last year, when it confirmed that Sweden is the richest country, with an average annual income for an individual of nearly \$1,000 per year.

Goodby.

12957/12859

CSO: 4206/107

COLUMN RAISES ISSUE OF ANTISMUGGLING ENFORCEMENT

Vientiane VIENTIANE MAI in Lao 1 Apr 87 pp 2, 4

[Talking with the editor column: "Is It Against the Law To Carry Out Many Duties?"]

[Excerpts] [Question] Suppose someone is an employee in a department and works in many fields. He sometimes joins the defense corps where, for example, he arrests smugglers who are sneaking in things in order to evade taxes and sends them to administrative officials for investigation and questioning or they are fined in accordance with regulations. But suppose this person is blamed for doing this? What do you, the editor, think about this? Is arresting smugglers a violation of the law of the land?

[Answer] The party and state always say, "We must exert our efforts to educate people of all classes to make them absorb and follow firmly the policies of the party and state." We must pay attention to such bad persons, primarily by educating them through reform and training in regard to important issues. In other words, we must simultaneously suppress and educate and train such bad persons.

Defense and national security are the duties of every Lao person. At present, enemies of the revolution are exerting efforts to actively oppose the revolution by causing turmoil in the implementation of policies in the military, the economy, society and culture. Therefore, our duty is to increase our surveillance and our spirit of initiative in order to protect, develop and strengthen our nation continuously, and to achieve peace for our people.

Everyone, as an employee with the duty of national security--which is something that deserves special praise--actually has the task of eliminating those who disturb the economy. Everyone must concentrate on eliminating such smugglers; if nobody pays attention to this issue, then the nation's economy and the livelihood of cadres and the people will be in turmoil.

But I as editor do not understand clearly your hypothetical story that "the administration has criticized you for arresting smugglers." I do not know why it would do that. Your story is very vague, so I cannot answer you precisely. There might have been many reasons. But in reality, the people and the authorities and the administration, before they decide to take any action, must

talk it over and ask for opinions from the many levels involved. The action taken must be proper and it must be carried out with high awareness, and most importantly, it must adhere to policy and direction. If we do not absorb or do not follow policies, then we are certain to make mistakes. Therefore, I would like to recommend that you check whether your past action was correct. How did you coordinate with others? How did you talk the issue over? What did you and the administration agree on? Was the method proper? In particular, was the action taken correctly and in accordance with policy?

Note: This does not mean that when you arrest smugglers it is a policy violation, but the way you do it must be studied carefully to ascertain whether the action is correct.

Please review the issue again.

Goodby.

12597/12859

CSO: 4206/107

BRIEFS

EAST-WEST EUROPE FACTORY DEALS--The cadres of the handicraft industries of Phone Tong in Vientiane worked hard during the first quarter of 1987. They have produced all kinds of cotton clothing and accessories, fabrics, shoulder bags, key chains and other cotton products--a total of 3,000 items with a total value of 1 million kip. During 1987 the Phone Tong factory has cooperated in exporting its products to many countries. It signed a contract to continue to export products to the Lao-Europe Company located in France, and it has a contract with the Lao Ministry of Commerce to export products to Poland and Hungary. [Text] [Vientiane VIENTIANE MAI in Lao 31 Mar 87 pp 1, 4] 12598/12859

JAPAN SILKWORM INDUSTRY AID--The official dedication of the machinery and equipment of the Silkworm Farm was held and an agreement signed on the morning of 24 March 1987 at the Silkworm Factory. It is under the Industry and Handicrafts Department of Vientiane Municipality and is located at Hatsai Fong. Mr Phimpha Thepsimuang, party Central Committee member and head of the Industry and Handicrafts Department of Vientiane Municipality, represented Laos and Mr Kimignikasi, Japan's acting ambassador to Laos, represented Japan. The record of the dedication noted that the Japanese Government has given the following aid to Laos: 95 pieces of equipment for use at the Silkworm Farm, along with office equipment, air conditioners, and boilers. Japan has also built an electric generator and restored five buildings and other equipment. The total value of the aid amounts to 40 million yen and 200,000 kip. [Text] [Vientiane VIENTIANE MAI in Lao 26 Mar 87 p 1] 12597/12859

JAPANESE EXPERTS LEAVE--On the evening of 25 March, Mr Phimpha Thepsimuang, party Central Committee member and head of the Industry and Handicrafts Department, hosted a farewell reception at the Lan Xang Hotel in Vientiane for the Japanese silkworm farming experts headed by Mr Khambe, following their accomplishments in installing machinery in the Silkworm Farm aid project at Vientiane. On this occasion, he praised Mr Khambe and his team for working hard to successfully assist in the silkworm project. Mr Phimpha also expressed, through the team of experts, his deep appreciation to the government and people of Japan for their support and aid to Vientiane in the past as well as at present. He wished Mr Khambe and his team a safe trip back to their country. [Text] [Vientiane VIENTIANE MAI in Lao 27 Mar 87 pp 1, 4] 12597/12859

FACTORY CONTRIBUTION TO STATE FUNDS--During the first quarter of 1987, the 79 workers of the Electrical Wiring and Plastic Bag Factory, which is under the Ministry of Industry, worked hard to establish a new economic system in the plant. They produced electrical wire, plastic bags, and batteries that generated total revenues of 60 million kip. The plant was able to pay 10 million baht to meet its obligations to the state 50 percent more than projected. [Excerpt] [Vientiane VIENTIANE MAI in Lao 2 Apr 87 pp 1, 4] 12597/12859

VIENTIANE TAX REVENUES--The 29 cadres of the Sisattaknak Tax Revenue Section, which is under the Department of Economics and Planning and the Finance Department of Vientiane, performed their duty in a highly responsible spirit during the first quarter of 1987. During this period they were able to collect a total of 8 million kip from enterprises in profit, salary, rent taxes and in various fees--89 percent more than projected. Along with this work, the cadres of this section were also able to conduct inspections and control smuggling, which generated revenues of 40,000 kip. [Text] [Vientiane VIENTIANE MAI in Lao 2 Mar 87 p 1] 12597/12859

QUEEN ELIZABETH BIRTHDAY--Vientiane, 20 Jun (KPL)--Derek Toukin, ambassador of the United Kingdom of Great Britain and Northern Ireland to the LAO PDR, offered a reception here yesterday marking the birthday of Her Majesty Elizabeth II, the Queen of England. Among those present were Inkong Mahavong, Minister of Agriculture, Forestry, Irrigation and Cooperatives. Diplomatic envoys and representatives of international agencies to Laos were also on hand. [Text] [Vientiane KPL NEWS BULLETIN in English 20 Jun 87 p 2] /9274

JAPANESE AID TO CULTURE MINISTRY--Vientiane, 22 May (KPL)--Teruo Kanihigashi, Charge d'affaires a.i. of the Japanese embassy to the Lao PDR, has granted musical instruments as aid to the Lao Ministry of Culture. The musical instruments worth 22 million Yen (Japanese currency) were presented here today to Somsai Desakhamphou, deputy-Culture Minister. [Text] [Vientiane KPL NEWS BULLETIN in English 22 May 87 p 3] /9274

FRG GIFTS TO CHILDREN--Vientiane, 21 May (KPL)--Ambassador of the Federal Republic of Germany to the Lao PDR Hellmut Schatzschneider has granted gifts worth 8,000 U.S. dollars to Lao children on the occasion of the coming International Children's Day. The gifts included 32 sewing machines and 10,000 metres of fabric were presented today to Phoumi Vongvichith, Vice-Chairman of the Council of Ministers and President of the National Committee for the International Children's Day. [Text] [Vientiane KPL NEWS BULLETIN in English 21 May 87 p 4] /9274

FRG AMBASSADOR RECEPTION--Vientiane, 23 May (KPL)--Ambassador of the Federal Republic of Germany to the Lao PDR Hellmut Schatzschneider offered a reception here on May 22 on the occasion of the anniversary of the proclamation of the fundamental law of the FRG. Present at the function were Soubanh Saritthirath, Deputy-Minister for Foreign Affairs, and other high-ranking officials. Diplomatic envoys here also attended. [Text] [Vientiane KPL NEWS BULLETIN in English 23 May 87 p 1] /9274

CSO: 4200/704

RETENTION OF STATE GERAKAN CHAIRMAN URGED

Kuala Lumpur NEW STRAITS TIMES in English 12 Jun 87 p 6

[Text]

MALACCA, Thura. — State Gerakan members have urged their chairman, Anthony Taye, not to step down from his post.

The members have also appealed to party president Datuk Dr Lim Keng Yaik to retain Mr Taye as the State party chief in view of his leadership abilities.

"Mr Taye has done a lot to bring stability to the party and has sacrificed his time and money in the interest of the party.

"I am convinced that he is qualified enough to be elected into the party's central committee but his failure to do so was obviously due to the clique system practised by the leadership," said State party vice-chairman Bernard Sta Maria.

Mr Sta Maria, who also failed to win a seat in the party's central committee in the party elections, said the party still needed the services of Mr Taye, adding that the State chief had the full support of the members.

"We strongly feel that Datuk Dr Lim should retain Mr Taye as the State party chief and we urge him not to accept his resignation letter," he added.

It is understood that Mr Taye, who was elected State chairman three years ago, has personally handed a letter of resignation to the party president as he felt that it was the only honourable thing to do since he was not re-elected to the central committee.

FORMATION OF NEW SABAH PARTY

Kuala Lumpur NEW STRAITS TIMES in English 12 Jun 87 p 7

[Text]

KOTA KINABALU, Thurs. — Former Minister of Justice and Minister in the Prime Minister's Department Datuk Dr James Ongkili today denied being involved in the setting up of the so-called Party Rakyat Sabah, or any other political party.

He reiterated that he was taking a rest from active politics after last August's parliamentary elections after 10 years.

"No politics for me now, only a little business to keep me occupied," said Datuk Dr Ongkili who recently was appointed chairman of the Pogun group of companies.

The former Minister, who was Berjaya deputy president and is now the party's advisor, believed such a rumour was sparked off by his repeated call urging political parties in Sabah to work for unity and co-operation, since the beginning of this year.

"As long as there is too much petty politics and confrontation, Sabah and its people will continue to suffer socially and economically," he stressed.

Meanwhile, rumours are rife that several party leaders in PBS and Berjaya are preparing the necessary groundwork towards the formation of the Party Rakyat Sabah (PRS). This party is purported to be breakaway arm of the aborted Parti Democratic Sabah (PDS) proposed last year.

It is learned that the PRS would initially be a Bumiputera-based party in the hope that a proposed Chinese-based party would soon materialise.

Sources said that PRS would adopt the multiracial concept only if the Chinese party fails to be established. It was also understood that a former leading Berjaya Chinese politician who is presently in London would return soon to lead the new party.

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CSO: 4200/706

GENERAL DEPLORES STATE OF AIR FORCE

Kuala Lumpur THE STAR in English 11 Jun 87 p 8

[Article by Zulkifli Talib]

[Text]

KUALA LUMPUR, Wed. — Royal Malaysian Air Force chief Lt-Jen Datuk Seri Mohamed Ngah Said has sent ripples through the nation's defence establishment with his statement on Sunday about the condition of his aircraft.

He had said that the RMAF was "low on stocks and supplies" because "allocation for development purposes is not forthcoming."

"Unless this allocation is forthcoming, the RMAF's stocks and supplies will be depleted, making the air force unable to meet emergencies," he warned when launching the second *Jaguh* air exercise between Malaysia and Thailand in Butterworth.

Armed Forces chief Jen Tan Sri Ghazali Che Mat said the next day that the RMAF's shortage of parts could be due to "contractual problems" but that he would check it out.

The RMAF chief's statement reflected the changing role of the country's defence forces from just fighting communist terrorists in the jungle to a conventional footing.

The RMAF had played a general back-up role for the army, involved usually just in logistics operations such as transporting of troops, rather than as a separate fighting force.

The bombing raids they conducted, too, were limited to hitting communist terrorist hide-outs.

With the economy — funded by petroleum

money — registering steady growth, the defence share of the Fourth Malaysia Plan was \$7.190 billion.

The economic and financial realities of the country, however, caught up with the defence establishment just like it did with the other sectors of government.

The \$7.19 billion originally allocated under the Fourth Malaysia Plan was trimmed to \$6 billion. Between 1981 and 1983, the armed forces spent \$4.4 billion of this amount, leaving \$1.5 billion for the 1984-1985 period of the Plan.

Under the Fifth Malaysia Plan tabled last year, the defence budget was cut to \$2.8 billion over the next five years.

Given these factors, the RMAF had little choice but to shelve its plans for the Gong Kedak base. This was announced in 1984.

The plans to buy an early-warning system, announced in 1982, have also had to be changed.

In 1984, RMAF announced that the early-warning system it was looking at was the American Airborne Warning and Command System (Awacs) aircraft that would be the "eventual" and integral part of the country's defence network.

ECONOMY CONTINUES TO IMPROVE

Kuala Lumpur NEW STRAITS TIMES in English 12 Jun 87 p 1

[Text]

KUALA LUMPUR, Thurs. — Prime Minister Datuk Seri Dr Mahathir Mohamad said today the national economy which showed signs of recovery late last year has continued to be buoyant this year.

Demand for its exports has increased and commodity prices have risen to an encouraging level, he said in his pledge of loyalty address to the Yang di-Pertuan Agong at an investiture ceremony at Istana Negara in conjunction with His Majesty's birthday.

The Prime Minister said petroleum prices were stable while those of palm oil and tin had increased.

He said he was confident that the national economy would recover steadily although gradually.

Dr Mahathir said import restrictions and tight monetary control by the Government over the past few years had brought satisfactory results.

For example, he said, the tight control had reduced imports while the deficit position of the invisibles account had improved.

These measures were also reflected in the growth of the country's external reserves, he said.

The Prime Minister said the Government was confident that the economy would continue to expand this year.

He said the Government needed greater initiative from the private sector to increase investments and the manufacture of exports.

Dr Mahathir said Government incentives to investors and manufacturers over the past two years had resulted in greater private sector participation.

However, the current level must be stepped up in the coming years, he said.

On unity, the Prime Minister said he was grateful for the present situation, adding that the Government would continue efforts to further enhance national unity and build an even stronger and progressive nation.

JANUARY-FEBRUARY TIMBER EXPORTS DOUBLE PREVIOUS PERIOD

Kuala Lumpur NEW STRAITS TIMES in English 11 Jun 87 p 16

[Text]

MALAYSIAN timber exports during the first two months of the year rose to \$228.6 million in value, doubling that of the corresponding period last year.

Overall timber trade remained buoyant during the period which was reflected in the 73 per cent increase in volume over that of the corresponding period last year, the Malaysian Timber Industry Board (MTIB) said in its latest monthly bulletin of the *Mastaya*.

The bulletin said total January and February export of sawn timber was 69 per cent higher in volume and 106 per cent in value compared with the corresponding period of last year.

Total export of sawn timber for the first two months of this year amounted to 314,074 cubic metres valued at \$199.3 million.

West Germany's purchase of sawn timber increased by 34 per cent to 6,578 cubic metres while exports to France in-

creased from 865 cubic metres to 1,404 cubic metres.

However, exports to the European Economic Community (EEC) were down by 10 per cent to 57,869 cubic metres and exports to the Netherlands and Belgium which were major buyers, also recorded a downturn of 14 per cent and 13 per cent to 33,331 cubic metres and 10,333 cubic metres respectively.

China, which imported about 3,000 cubic metres in January made no purchase in February.

Export of rubberwood went up by 8 per cent to 17,304 cubic metres.

Rubberwood in fact made up more than 60 per cent of Taiwan's purchase of Malaysian sawn timber while Singapore also increased her purchase by 19 per cent to 10,808 cubic metres.

Rywood, on the other hand, picked up after the lull in January to achieve a 13 per cent increase in volume at 40,433 cubic metres.— Bernama ES

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CSO: 4200/691

SPREAD OF CHRISTIANITY INVESTIGATED

Kuala Lumpur NEW STRAITS TIMES in English 11 Jun 87 p 7

[Text]

KUALA TERENGGANU, Wed. — Menteri Besar Dutuk Haji Wan Mokhtar Ahmad has directed the relevant departments to investigate reports of the alleged propagation of Christianity to Muslims in the State.

He said he would be waiting for a full report before deciding on the next course of action.

He said people of other religions were free to practise their religious beliefs but should not propagate their religion to Muslims.

He said they should not also build places of worship as they liked.

The Menteri Besar was speaking to reporters after launching the Hulu Terengganu Teachers' Day celebration at Sekolah Menengah Ajil near here today.

Missionary work

He said proper investigations had to be carried out in order to maintain goodwill and unity in the State.

In Penang, the State Government warned today it would not hesitate to act against non-Muslim religious and missionary organisations which tried to influence Muslims to join them.

State Welfare, Religious Affairs and Educa-

tion Committee chairman Zakaria Bakar told *Bernama* the committee had received complaints that several non-Muslim organisations had carried out missionary work and distributed pamphlets at the houses of Muslims.

He said several of the pamphlets had been handed over to the committee for investigation.

Encik Zakaria also advised Muslim parents to keep tabs on their children so that they were not influenced by any non-Muslim cultural organisation in the State.

In Sabah, Director of Education Mahpor Baba said he had not received any official complaint of the propagation of Christianity in schools.

He asked the people to report to the department if they knew of such activities, giving details such as the names of those involved and the place and time.

He said stern action would be taken against those involved if the complaints were found to be true.

He said that a school was an educational institution and the propagation of religious teachings was prohibited except for the designated official subject.

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CSO, 4200/691

WIT, IRREVERENCE OF LANGE HITS FOREIGN, DOMESTIC TARGETS

Sydney THE SYDNEY MORNING HERALD in English 12 Jun 87 p 11

[Article by Geoff Spencer]

[Text]

WELLINGTON, Thursday: With the serious business of electioneering in full swing on both sides of the Tasman, the New Zealand Prime Minister, Mr David Lange, has shown there can be a lighter side to politics.

After three years in office, Mr Lange's irreverent sense of humour has outraged a few Kiwis, embarrassed some and delighted most.

As a just-published anthology of Lange one-liners proves, the grind of politics has failed to blunt his satirical edge.

With an election expected in August, *Gliding on the Lino - The Wit of David Lange*, by Wellington journalist David Barber, has become a best-seller.

On the sacrifices of public life: "Because the family's young and the job demanding, it happens that most of the time that I sleep in Wellington. Naomi, my wife, sleeps in Auckland and when we sleep together, the deputy Prime Minister rings up."

For a well-nourished man who once had his stomach stapled, he is far from vain: "I've put on five pounds this

year. It all went to my head."

If his shape isn't sacred, then neither are disasters or foreign policy crises.

In February 1985, the Soviet cruise ship, Mikhail Lermontov, went down not far from the capital.

A few months later, a visiting British Admiral of the Fleet, Sir John Fieldhouse, told Mr Lange that New Zealand's anti-nuclear policies had encouraged Soviet expansion.

"Nothing of the sort," Mr Lange replied. "Remember we are the only member of the Western community to have sunk a Russian ship since the Second World War."

On the sinking of the Greenpeace ship, Rainbow Warrior, in Auckland Harbour his position was clear: "The French are never more intractable than when they are 100 per cent wrong."

On Washington expelling New Zealand from the ANZUS defence alliance: "A moron in a hurry could see it wasn't a security guarantee."

Asked if the White House would try to embarrass him into changing his non-nuclear stand, he said: "Will the United States pull the rug on New Zealand? The answer is no. They might polish the lino a bit harder, and

hope that I execute a rather unseemingly glide across it."

To the retiring US ambassador, Mr H. Monroe Browne, who bought a racehorse here called Lacka Reason: "You must be the only ambassador in the world to own a horse named after his country's foreign policy."

When the Queensland Premier banned New Zealand-made confectionery in protest over New Zealand's nuclear-free policy: "Joh Bjelke-Petersen has declared Queensland a chocolate-free State."

Since coming to power he has verbally steamrolled through no less than three Leaders of Opposition.

The present one, Mr Jim Bolger, is "the man who eventually jumped from the lifeboat into the ship", and the one before that, Mr Jim McLay, "would go into a flush if he had to pick three pizza toppings out of four".

And his farewell for Sir Robert Muldoon, the man he beat in the 1984 election:

"Tonight the House heard a most extraordinary rambling would-be swan-song from someone who does not have a feather to fly with."

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CSO: 4200/684

INFLATION RATE HITS RECORD 18.9 PERCENT

BK140932 Hong Kong AFP in English 0856 GMT 14 Jul 87

[Text] Wellington, July 14 (AFP)—New Zealand's annual inflation rate hit a record 18.9 percent with the release of final quarter figures by the government statistician here Tuesday.

The statistician reported that consumer prices rose by 3.3 percent in the quarter to June 30, giving the country a record 18.9 percent inflation for the last fiscal year, passing the previous record of 18.4 percent set in 1980.

Government and observers alike, expecting a much lower quarterly rate, were surprised at the figure, but money markets reacted quickly, moving five-year government bond rates up more than one percent in afternoon trading, the biggest one day rise ever.

The New Zealand dollar dropped half a cent to 59.7 U.S. cents to the local unit, while the stock exchange index fell back nearly nine points.

Finance Minister Roger Douglas admitted "disappointment" at the figures, but said "New Zealand was still on track for single figure inflation by the end of this year."

Mr Douglas said the high annual rate owed much to the one-off 10 percent rise caused by the introduction of indirect consumer taxes from October 1 last year.

The high inflation rate was "an historical accident" caused by the tax change, said Mr Douglas.

Opposition finance spokesman George Geir said the inflation figure was "a major body blow for the government and Rogernomics," the name given to the major economic changes introduced by Mr Douglas.

Mr Geir said it was clear inflation in New Zealand was rising and "voters have real ground for suspicion and deep concern" over the government's handling of the economy.

Observers said that the record inflation rate would be a major weapon in the opposition campaign leading up to the August 15 national elections.

The ruling Labor Party had been hoping to use its economic policies as the key to its re-election.

MANILA REPORT, COMMENT ON INTENSIFIED ANTIREBEL EFFORT

AFP Strategy, NDF Declaration of War

Manila THE MANILA TIMES in English 14 Jun 87 pp 1, 6

[Text]

THE war is on. President Aquino and her New Armed Forces of the Philippines versus the communist rebels.

"We will smash them piece by piece," said an officer at Camp Aquinaldo. "In our all-out offensive against the New People's Army, the full might of the military will be unleashed region by region. We will concentrate first in Samar and Leyte. After annihilating them there, the island of Panay will be next."

The officer added:

"If this alternative is applied, all hell will break loose in one area until they are crushed to bits. They may choose to flee to nearby provinces but we will guard the boundaries."

"Do you know that Hitler won the first phase of World War II simply because of his piece-by-piece strategy? Good old Adolf lost only when he took on all of them together at once," he beamed.

What about Mindanao, where the regions are contiguous rather than discrete?

He said:

"That would be a problem. Besides, the Muslims — MNLF and all that — will complicate the conflict. We'll figure out something. Ilocos, however, can easily be isolated. We'll cut the line in Samarines Norte. Quezon

will also be a problem because it stretches all the way from the Ilocos provinces in the North, to the Tagalog areas in the west and down to Bicol itself. It is the most strategically located province in the country because rebels there can slip out in many directions. But we believe that the region-by-region strategy will work."

This week, in the wake of the Dante ambushade, National Democratic Front negotiator Antonio Zumel issued at a conference with selected newsmen somewhere in Southern Tagalog "a declaration of total war" against Corazon Aquino, her government and armed forces."

This was hardly necessary. Armed hostilities had resumed as soon as the peace negotiations broke down last February, claiming scores of Filipino lives. With unending skirmishes erupting in the countryside, the President herself had earlier also declared a war that was already being fought.

The communist Alex Boncayao Brigade and its Sparrow unit soon followed with its own version of the "piece-by-piece strategy, killing nine lawmen and one highly-placed civilian in separate incidents in Metro Manila in one week's time. "Those objects of assassination had blood debts, ranging from salvaging poor peo-

ple to smashing labor pickets to harassing progressive campus leaders," brigade spokesman Arnel Sandoval said.

The NDF has stepped up its rhetorical attacks against the Aquino administration. "The image of personal integrity exuded by the President makes it easier for her minions to pocket hundreds of millions of pesos in kickbacks, from casino operations, patronage for contracts and the like," said the NDF magazine, *Liberation*. The President's brother, Jose Cojuangco, is a suspect.

Other broadsides leveled by the communists on the President are: the new US-Cory conspiracy has replaced the old US-Marcos dictatorship; Cory has failed to bring to justice the killers in the Olalia case and the Mendiola and Lupao massacres, just like Marcos in his time; the government's land reform plan "is a rehash of the Marcos program"; she is beefing up the same fascist military and strengthening nationwide paramilitary and vigilante structures; her decisions are public relations gimmicks designed to counter the insurgency rather than to overhaul society for better ends.

Paper Views 'New Phase'

Manila THE MANILA TIMES in English 14 Jun 87 pp 1, 6

[News analysis by Manny Martinez, head, "Investigative Team"]

[Text]

HAS a new phase been reached in the insurgency problem?

The full militarization of the struggle between the government and the communists is apparently at hand. This, of course, is expected after the breakdown of the peace negotiations. But there are sinister events to show that it may come sooner and more intensely than expected.

When Bernabe Buscayno, alias Kumander Dante, was ambushed last Monday night, his friends in Partido ng Bayan held a press conference in a private house in Quezon City. They accused the government of following a new strategy to force the legal, open and parliamentary left to go underground.

Led by Bayan president Fidel Agcaoli, they said through intimidation and murder, the government wanted progressive elements to go underground or join the NPA in armed struggle, setting the stage for the government to apply the total military solution.

This theory presupposes two things. One, the government thinks it can smash the NPA militarily, something it has failed to do even when the communists were much weaker than their present 24,000 regulars. Two, it does not want to entertain open parliamentary struggle by the left. It is against the legalization of the Communist Party.

That forcing leftists to go un-

derground is a preconceived and overall government strategy as boded by the Dante ambushade is not very convincing. It appears that the assassination attempt was only in retaliation for the rash of killings perpetrated by the communist Sparrow units or Metro Manila lawmen. And it has been a single isolated case. Of course, Dante may be considering the option to go back to the hills or at least cut down his visibility.

The more significant development is the rise of rightist vigilantes which has already claimed many lives in the leftist movement. In answer to objections, it is said that only a few selected people are armed among the vigilante groups, the others being organizers, agitators, propagandists, informers, etc., some kind of a structure parallel to the CPP-NPA organization. The gun limitation, however, does not diminish the vigilantes' potential for violence against innocent people or for driving the left elements underground. And they are growing, supposedly an overall project of the government instigated, or at least inspired, by American advisers.

But why should the government provoke peaceful leftists into joining the armed struggle when, first, that would mean more trouble for the armed forces and second, it is engaged in a program to persuade them to come down from the hills? Is the government moving in opposite direction? Are there agencies or special forces independent of government policy? Is the government insincere?

Local Government Secretary Jaime Ferrer has endorsed the vigilantes and so, significantly, has President Aquino herself, uncon-

vinced that these killer groups would go out of bounds. Defense Secretary Rafael Iletto said any vigilante group of five or seven persons are free to carry arms in spite of the arms ban so long as they are looking for communists or NPAs! If the government is supporting armed rightwing vigilantes, then it shows where President Aquino stands. It is probable that the government wants open society to be cleared of unarmed leftists at the risk of swelling NPA ranks. Then would come the total military solution that would unleash rivers of blood.

This the American embassy would not condemn. Except one, all US officials here from charge d'affaires Phil Kaplan down are avowed hardliners. Much of any discussion with them is how to crush the NPA with guns. They do not believe in crushing them with bread.

Since driving them underground is what they believe the government is doing, what countermoves do the parliamentary left have? Bayan secretary general Leon Alejandro says they will try their best to remain legal and open. "If we take up arms because we are being threatened with physical extinction, the government would have succeeded in its objective," he said.

Non-violent struggle of the Gandhi type? Not at all. Gandhi and leftists, especially communists, never understood each other. "We will not allow our men to be killed like fowl," Alejandro said, whatever that means in the light of his insistence on unarmed struggle.

At the root of the military's distrust for the legal left is the change in CPP-NPA policy. Before, the movement was for a purely

armed struggle. They had condemned the Lava-Moscow faction for applying the legal approach, reserving their worst rhetoric on "revisionists" instead of the bourgeois enemy. Today, as stated in the NDF official newspaper, *Liberation*, they will continue to strive for "a social system that is truly self-reliant, democratic and progressive which can come about only through the collective action of the people themselves, waging various forms of struggle — armed and parliamentary, clandestine and open, political and military."

From the government viewpoint, such a significant and cavalier revelation is central to be the issue of legalizing the Communist Party. One of the government's purposes is to draw communists out of the underground, a policy

exactly opposite to the rightwing plot of forcing them to go underground. Progressive legislators, of whom there are so few in the incoming Congress, usually support legalization, expecting communists to abandon the armed struggle in favor of peaceful ways, or at least hoping to diminish the ranks of the NPAs.

That would be an astute policy if the CPP-NPA believes only in armed struggle, as it used to. Now, through the NDF, it considers legal and open elements as an indispensable part of their forces. Thus, it is not a surprise if the government wants to force them into armed struggle so they could not avail themselves of the democratic space and instead be crushed in an all-out military offensive.

The idea is simply this: if the CPP-NPA underground were in one big boat ready to be torpedoed by the military, its parliamentary supporters might as well be loaded on it and sunk along with the armed ones.

With parliamentary struggle now part of the CPP-NPA policy, the theory that Dante was ambushed by former comrades for betraying the cause cannot stand. Along with Jose Maria Sison, he is still held in highest esteem within the party. People think that both continue to have their say in the movement. They have not committed errors or party crimes, and the same policies they etched almost two decades ago are still the recognized CPP-NPA guidelines.

Quenco Criticisms, Amnesty Faults

Manila THE MANILA TIMES in English 14 Jun 87 pp 1, 6

[Text]

FORMER Secretary for Political Affairs Antonio V. Cuenco, now congressman-elect for the 2nd district of Cebu City, made confidential studies on the insurgency problem last year at the request of President Aquino. The report has not been released to the public. *The Manila Times* reportorial staff interviewed him yesterday. Excerpts of the interview follow:

MT: What do you think of the insurgency policy?

Cuenco: Which insurgency policy? The policy at the Malacanang Guest House? The policy at Camp Aguinaldo? The policy among regional commands? The policy at the Department of Local Governments? The policy at the Cabinet? The policy at the US embassy? The policy of the incoming Congress? The policy of Johnny Enrile?

MT: The policy of President Aquino.

Cuenco: The policy of President Aquino is similar to the successful policy of President Mag-saysay, except that in the case of Magaysay, he had a carrot-and-stick policy applied at the same time, simultaneously, while President Cory has a carrot-and-stick policy applied consecutively, that is, carrot first, stick later. The communists today have refused the carrot, so the President said she would now use the stick.

MT: What were your recommendations when you headed the political affairs office?

Cuenco: Simply to have a mechanism for accepting communist surrenders, or returnees as we should call them, while the peace or ceasefire negotiations were going on. Do you know that we could have reduced the ranks of armed NPA regulars had we only had that mechanism? Many NPAs actually surrendered to bishops. The bishops did not

know what to do with them, so they sent them to Malacanang, from where officials sent them to sympathetic military officers who did not know what to do with them and their arms either. Often they would send them to me, but what could I do because there was no procedure, no guarantee of their safety or integration back to open and peaceful society? There was this woman NPA commander who went back to the hills because no one was ready to receive her and assure her of anything."

MT: We thought no NPA wanted to surrender during the peace negotiations or before any agreement with the government was forged?

Cuenco: Exactly. A definite procedure for returning apart from the peace negotiations would have been an agreement in itself, meaning to say that the rebels

could take it or leave it. Of course, true and dyed-in-the-wool Marxists would not surrender. But not all of those in the hills are ideologues. But ideologues or not, there are many reasons for laying down arms. One is combat fatigue. Two, loneliness for their families and loved ones. Three, disease. Some of them are sick of tuberculosis or something. Many, being victims of injustices and not really believers in the movement, think the expulsion of Marcos has changed things. Also, there are rebels who are ideologically disillusioned with Marxism, with the Party or with their comrades. Communism may be good in theory, but not in practice.

MT: How strong is the NPA?

Cuenco: About 24,000 armed regulars at this point. That's a lot of people considering they are regulars, meaning full-time fighters. What about those who are farmers and workers by day but fighters by night? What about their mass base? When we talk of strength, we should include not only the armed men and women but the sympathizers as well. In some barangays in Samar and Leyte, Negros, Panay, Bicol, Quezon, Misamis Oriental, more than 50 per cent are NPA sympathizers. Of course, we have not reached the level of danger as Vietnam was in the days of Nguyen Van Thieu and Cao Ky.

MT: Do you think we will soon reach that stage?

Cuenco: Who knows? For one thing, there is no Ho Chi Minh Trail here to supply the NPAs as they did the Vietcong.

MT: It seems that the removal of Marcos and the assumption of Cory have not weakened the NPA.

Cuenco: Personally, I was hop-

ing that the peace negotiations which drew down from the hills the armed regulars would not cause all of them to return to the hills once the negotiations failed, which many thought even then would fail. Not all of them returned, but the number of those who stayed is insignificant.

MT: Is the New Armed Forces of the Philippines in a better position now than in the time of Marcos to fight the rebels?

Cuenco: Ask them. As soldiers, they have better living quarters than the NPAs, who live in the hills and snake-infested mountains. They have better supplies and have a monthly pay while the NPAs receive no pay at all except 10 to 17 pesos a day mostly in kind rather than cash. They are better equipped, having tanks and planes and helicopter gunships and medical care when wounded while some NPAs have only paltiks. The trouble is the NPAs have conviction on their side.

MT: What do present members of Congress think?

Cuenco: We'll see about that. At present, I guess the land reform question is uppermost in their minds. This, of course, is connected to insurgency. You will find note that not one of them has questioned openly the role and importance of land reform vis-a-vis the rebel problem. The question is the extent, the timing, the procedure. We will know soon enough. What we know now is that we shall settle the question democratically. Congress, by its nature and definition is democratic, unless it is an appendage of a dictatorship. The best way to fight communism is through a Congress that is truly representative of the people's will, the people's wishes, the people's wealth.

LIBYAN PAPER INTERVIEWS VISITING MNLF NEGOTIATOR

Tripoli AL-DAA'WAN AL-ISLAMIYAH in English 27 May 87 p 2

[Text] Brother Habib Hashim, the chairman of the panel representing the Moro National Liberation Front in the negotiations with the Philippine government recently held in the Philippine, is in the Great Jamahiriya in a tour which includes many other Islamic countries to brief the Muslim leaders of these countries, on the results of the negotiations and the Moro Front's plans to solve the Muslims identity and territory problem in South Philippine.

Al-Daawa Al-Islamia takes the opportunity of his being with us in the Great Jamahiriya, the senior editor of the Newspaper met him and asked about the Front's policy to solve the problem, and the steps taken or to be implemented in the foreseeable future.

Here in after, we give our readers some excerpts from this interview:—Brother Habib Hashim started his interview with thanks and gratitude to the Leader of the Great Jamahiriya Colonel Muammar Al-Qathafi, and the Libyan people on the support and assistance, morally and materially being offered to Muslims every where and the Muslims in Philippine in particular.

He also highlighted the role played by the Revolutionary Muslim Brother Colonel Mu'ammur Al-Qathafi personally to reach the agreement accord signed in Tripoli in 1976 and 1977 which, the Moro Front leaders still consider it to be the basis of any talks or negotiations to be held with the Philippine government.

He said: All Philippine governments are the same in form, but different in style. Their main objective is to subjugate and oppress the Muslims in the South, and to undermine the Muslims efforts and strivings to preserve and protect their identity.

He said: We the Moro National Liberation Front, will not accept any solution to our problem unless it takes into account Tripoli Agreement Accord of 1976 and its bases to solve the all-out problem.

Brother Habib Hashim, also, elaborated on the theme of struggle and the time they spent in Jihad, fought by Muslims there.

He said: The Muslims' struggle goes back to 400 years past, Muslims spent all these years fighting in order to preserve the Islamic identity, and to have their say in the running of their affairs politically, economically and socially.

--The Moro National Liberation Front bears the brunt of struggle, since it has been established, with the main aim to restore their usurped rights and freedom.

This Front was formed in 1968, and performed its duties in secret first, then, it has become mature enough to declare Jihad openly against forces of evil and oppression.

--He said: The main objective of the front is to gain full autonomy, for all Islamic provinces in the South. He said: On the 4th of last September 1986, Hajj Nuri Misuari, the leader of the Moro National Liberation Front, met with the Philippine president Corozon C. Aquino in Sulu, South of Philippine, the result of which was another meeting between the Moro Front Panel and another Panel represents the government, to be held in January 1987.

In that meeting, they both agreed to give autonomy to--13--provinces in the South, provided that the congress passes an Organic Act, and to hold a plebiscite, which is a clear violation of the letter and spirit of the agreement accord signed in Tripoli which the Front wants its full implementation, without resorting to plebiscite or any other constitutional traps. Because, Brother Habib Hashim said, Tripoli agreement was an international agreement of which many parties of international status, had taken part, to make it a success.

Tripoli agreement was followed by another one, in 8 March 1977, called Marcos--Gathafi Accord. Upon that agreement, then president Marcos, signed presidential decree No 1628, with the intention to grant full autonomy for--13--Islamic provinces.

One article of Marcos-Gathafi Accord indicates to holding a plebiscite. But, it must be clear that this plebiscite should be held, if held, on what kind of measures or procedures to be applied by the autonomous governments of the Muslim provinces.

On the contrary of this, the Philippine government insists on implementing Tripoli Accord in accordance to constitutional process, through the Philippine congress, and the plebiscite.

--Brother Habib Hashim continued, our people under the leadership of the Moro National Liberation Front and the chairmanship of Brother Hajj Nuri Misuari, have fought a sever and ferocious Jihad against imperialism in its all forms, for this sacred cause that is, to achieve full independence, not just autonomy. Having reached the best of results by signing Tripoli Accord, we will not accept any solution which violates its letter or spirit. Our objective is Jihad for the full independence of our will and provinces.

Since we have not reached any satisfactory solution to our problem in the recent talks, we will refer the matter to the Islamic Conference Organization, hence we appeal to all Islamic countries, who are by necessity members in the organization and members in the quadripartite commission, to stand with us, through their contacts with the Philippine government, and oblige here to implement Tripoli Agreement Accord.

President Corazon C. Aquino does not differ any iota from ex-president Marcos, in her maneuvers against the Moro Front. She applies the same theory through different style. Thereupon there is no alternative to Jihad. Jihad is the only solution remained to our Muslim people to solve their problem in South of Philippine.

Brother H. Hashim said: In order to give full explanation on our position, we will contact all Muslim countries and ask their support and assistance.

We trust that all Muslim countries will give the necessary help to our cause in spite of the pressures on some of them to side with the government's views. We are not war mongers, we are holy warriors for a just cause, for our independence, for freedom and to raise high the word of Allah.

/9274

CSO: 4200/708

DEPUTY FOREIGN MINISTER COMMENTS ON U.S. TRADE PRESSURE

Bangkok MATICHON in Thai 18 May 87 p 3

[Interview with Praphat Limpaphan, deputy foreign minister: "If the United States Pressures Us To Do Things We Are Not Ready To Do, It Is Within Our Power To Decide What Is Wrong and What Is Right"]

[Text] [Question] The United States is now in the process of passing laws that would interfere with trade such as the omnibus bill. Is there any way to counteract these or alleviate the problem? Is it clear whether Thailand will receive special rights with regard to customs duties (GSP) in return for accepting the copyright and patent laws of the United States?

[Answer] U.S. Law 301 would obligate the administration to take action against countries engaged in unfair trade practices or protectionism. For example, it imposed a 100 percent import duty on semiconductors (a type of electronic device) from Japan. But we are able to use political approaches in talking with this administration.

Under the trade bill or omnibus bill, if certain countries were to conduct unfair trade with the United States, the government would be obliged to take action against those countries. So far, Japan, Taiwan, Korea and the EEC have encountered this. Therefore we are more afraid of this than the GSP.

[Question] Does it appear that the results from the copyright and patent laws that we are to concede to the United States will be greater than those from the GSP that we are to gain?

[Answer] It depends on what is really affected. The tape producing group is not large because the Thai market is tiny. The loss here would not be great. We must support our major businesses. Even though GSP amounts to 10 billion baht and we have 1,000 categories of goods covered by GSP, while we use about 500 categories and under these categories we export 9 billion baht of goods, nevertheless this amount is expanding every year. If the increase reaches 50 percent, the United States will abolish GSP for those types of goods. We have requested exemptions for 19 types we do not want the United States to abolish if the exceed 50 percent figure is exceeded. They granted 4 types during talks, and these were important items. The problem that should be considered concerns the goods which receive GSP. These are goods from the light

and medium industries. Heavy industry does not receive GSP. We want to develop light industry and medium industry vigorously. This will spread out broadly into the farm country. When it receives GSP it will help the farmers directly, unlike the large factories.

[Question] What is the policy behind the interference in U.S.-Thai trade?

[Answer] The United States has a trade imbalance as well as a budget imbalance. It is trying to find ways to talk with various countries in order to correct the trade imbalance. Many countries are trying to evade this, and therefore it is necessary for the United States to pass laws to compel compliance in order to correct the imbalance. It also has domestic problems related to this that it has to deal with. At the same time, we are a developing country and must maintain our advantages as much as possible and for as long as possible. We have had the embassy in Washington follow closely those bills passed by the United States that affect us.

We hired a lobbyist company to explain to members of the Congress Thailand's need to maintain its U.S. market, how Thailand is a developing country and since its agriculture and industry are still developing that they are not yet able to compete with others, and that the passage of these bills should not control or affect Thai industry or agriculture. We have done a thorough job.

[Question] How would the omnibus bill affect Thailand, and what have we done about it?

[Answer] If this bill passes, it means that the Congress can compel the administration to deal with those countries that do not trade fairly and to protect the position of the United States as it should under bill 301. It might use this law to increase import duties 100 percent if bilateral trade is considered not fair. This would be more of a threat than cutting GSP, which is a small matter but still beneficial for our light and medium industries, which are distributed throughout the countryside. But these benefits are not great compared with the effects of bill 301.

At various meetings, for example in Uruguay and Nicaragua, these matters have been raised for discussion. Various countries have brought these matters up to correct this problem. We said that there were some things we could not give in on, such as drugs, agricultural commodities, etc.; that concessions must not affect the nation or the people in general. We are trying to correct the bill passed by the Council of Ministers in order to reduce its interference in Thai-U.S. trade because according to the Thai-U.S. Friendship Agreement, whatever we grant to the 16 member nations of the Bern Convention we must grant to the United States. These concessions depend on the final decision of the Assembly. The Foreign Ministry has recieved ideas from various countries and has passed these on for the government to consider during the initial stage.

[Question] There is a report that while the granting of GSP is short term, our passage of a copyright law would be long term.

[Answer] We have been holding talks on copyright law for many years now. Of the 500 categories of GSP that we use, 19 are really important. Before making

a recommendation to the government, we held talks with the United States concerning our request that these 19 categories not be cut if they exceed 50 percent. At present it has granted 4 categories. It will grant the rest if we promise to grant it the same protection as members of the Berne Convention.

[Question] In the talks concerning the trade of copyright protection for GSP, did the United States recommend or demand anything concerning copyright protection?

[Answer] It demanded almost everything, but we only granted what we could. We have a Thai-U.S. commission with Minister Sitthi Savetsila as president. It includes Minister Chirayu Itsarangkun, various under secretaries and private individuals. They have considered this problem. We must maintain our advantages without giving up advantages in other categories. Actually, GSP is not important. What is important is that we do not want the United States to apply bill 301. We must see where we receive the greater benefit in the considered opinion of the Assembly.

[Question] It has been suggested that the United States will become a member of the Berne Convention instead of making bilateral treaties.

[Answer] The United States will not become a member because of problems with its laws. In June 1986 the administration recommended to the Congress that it become a member of the Bern Convention. It has since become a legal matter.

[Question] How do members of the Assembly view this?

[Answer] Those that agree with our negotiations say that we must belong to the community of nations. Those that do not agree say that we are a developing nation and must maintain the advantages of the nation as much as possible. The United States realizes that we are developing. If the United States pressures us to do things that we are not ready to do, it is without our power to decide what is wrong and what is right. We are trying to maintain our advantages as much as possible.

[Question] The U.S. drug companies have suggested that we have not made progress in considering patents for drugs and now want the United States to cut assistance in the area of GSP.

[Answer] We have always pointed out that we are not ready to grant patents for drugs, seeds and agricultural implements. This is a problem that affects the interests of the majority of the people of the country. Our country is developing and so must depend on know-how (technology) that is inexpensive. In any case, the Foreign Ministry has had the embassy and the lobbyist company try to explain that if this law is passed, it will have a severe effect on Thailand, especially since we are a frontline country in Southeast Asia and have problems with our borders and immigrants. If it asks us to do more than this, we probably will not be able to do so.

[Question] With regard to rice, it has been reported that it will help its farmers.

[Answer] We must protect our domestic interests and the United States must protect its domestic interests, but when these involve international trade then we must find the crux of the matter in order to avoid affecting each other adversely. Our embassy is working on this.

[Question] Will there be a meeting of the Kitsangkhom Party on 19 May?

[Answer] They want to speak with the Foreign Ministry about this law. The Foreign Ministry will then send it to the Council of Ministers to consider. When the Council of Ministers has considered it, the ministry involved with copyrights, the Ministry of Education, will receive it for consideration. This does not affect the Foreign Ministry, which just hears the views of the United States; we just receive information and pass it on to Ministry of Education. GSP is the concern of the Ministry of Trade. We are just coordinators.

8149/12859

CSO: 4207/210

GOVERNOR WANTS AGREEMENT WITH PRK OVER BORDER TEMPLE SITE

Bangkok DAO SIAM in Thai 17 May 87 pp 7, 10

[Article by Uthai Samwat: "Khao Phrawihan, a Dream We Would Like To Have Come True"]

[Excerpt] You probably remember that not long ago various branches of the media reported noisily on the proposal of Sisaket Province to open Khao Phrawihan as an international historic site which everyone could visit. The benefits were to be shared by both the Thai side and the Cambodian side, and both sides were to repair and restore the site so that it would be presentable. When this news report appeared, there were both favorable and unfavorable responses. Sisaket Province surveyed the opinions of various government officials at both the province and district level, businessmen and the people to ascertain whether they agreed with the opinion of the provincial government or could recommend ways for the province to proceed. The results are summarized below.

Some of those surveyed agreed with the opinion of the provincial government that preserving this historically significant site would benefit the country both directly and indirectly, that it would increase the income of the people of this province, and that it would provide an opportunity for tourists throughout the world to visit and inspect this historic site of such value to the world, which would augment the reputation of the province. In addition, according to this view, this beautiful and extraordinary stone palace should be available for later generations of young people to study. Sisaket Province would become another tourist attraction, which would bring more investment. If the government should respond to these views and if the government and people of Cambodia were to cooperate, then both countries would benefit. It was hoped that the government would join in this policy or view and urgently proceed.

The opinion of those who did not agree with the position of Sisaket Province can be summarized as follows: they thought that this might again give rise to problems and misunderstandings with Cambodia, that it might not be safe for tourists, that benefits to Cambodia should not be treated jointly because there might be a falling out which would cause a war, that it would mean supporting a foreign historic site and that the income received would not be worth the strip of land which our ancestors used to control. If there was no way to get this land back, they considered that we should not support this proposal.

The approach we must take urgently is to bring about a treaty between the two countries which would respect the rights involved and would not violate territorial integrity. The approach should not divide things up between the two sides but should be based on joint responsibility and take the form of a committee. Talks should be started quickly that include both the Cambodian faction in control of the government and the countries that support the Cambodian factions controlling Khao Phrawihan. In addition, the United Nations should push governments, especially through the assembly, to communicate with both the Cambodian factions in control of the government and those not in control, with the United Nations providing the framework. And third countries can help by not seizing control of the area of Khao Phrawihan.

This is just one view that has been expressed in Sisaket Province. Mr Chamlong Ratsadonprasoet, the governor of the province, holds this view concerning Khao Phrawihan, and it has met with both disapproval and approval. When the province asked for the views of districts and subdistricts as well as those of government officials, businessmen and ordinary people, it did so in order to provide an opportunity for a broad expression of views and not to compel agreement with the provincial government. Sisaket Province expressed the opinion it did because it saw that Khao Phrawihan is an ancient and beautiful site that is historically significant for the world and that everyone should be able to visit and inspect. While Sisaket Province has asked that the Ministry of Interior consider this proposal, it recognizes that the palace at Khao Phrawihan is Cambodian property, as in the past; it merely asks that a demilitarized area be established at Khao Phrawihan, with each side withdrawing its forces about 500 meters away. This would open Khao Phrawihan for everyone to see. It was opened once in 1970, but only for a short time. Reportedly, tens of thousands of people came to see it each day.

Khao Phrawihan is situated on the mountain range separating Thailand from the People's Republic of Cambodia. The road in to the various palaces passes through Mungmalu Precinct, Kantharalak District, Sisaket Province. The palace construction starts at the base of the mountain and continues to its peak, covering a distance of about 1 km. It lies about 657 meters above sea level.

8149/12859

CSO: 4207/210

THAILAND

COLUMNIST VIEWS CLOSER USSR TIES

Bangkok DAILY NEWS in Thai 13 May 87 p 2

[Around the World column by Trairat Sunthonpraphat: "Choosing Friends"]

[Excerpts] Minister Sitthi Sawetsila is now negotiating with Soviet leaders in Moscow. This is the first time that Thailand's foreign affairs minister has had intimate talks with the Soviet Union. We have always regarded the Soviet Union as an enemy and have not wanted to associate with them. It's unfortunate that we have wasted opportunities.

Thailand should inform the world that we do not want to fight or be the enemy of anyone. But Thailand must defend itself and oppose those countries that invade other countries. In particular, I am referring to Vietnam, which now has forces stationed along the Thai border in Laos and Cambodia. In Cambodia, the problems are very serious. The war there will never end unless Vietnam withdraws its troops.

The Soviet Union has never understood Thailand. In the past, we acted like an underling of the United States and followed their ass closely. It was just recently that we implemented an independent foreign policy and decided not to allow the United States to lead us around. We have also moved closer to China without any concern for their different ideology. We feel that we can live together and help each other if the great powers do not meddle in Thailand's internal affairs but instead provide help in times of trouble as China has done.

Thailand will probably develop a closer relationship with the Soviet Union if the Soviet Union takes steps to persuade the Vietnamese to reduce their military presence in Cambodia. The Vietnamese troops in Cambodia pose a direct threat to Thailand. It will be difficult to dispel the doubts that people have about the Soviet Union unless the Soviet Union displays a better attitude toward Thailand and, stated simply, pulls Vietnam out of Cambodia.

What we are hoping for is that we will be able to penetrate trade markets and find more markets for our agricultural and industrial goods. This is another part of the world to which we should move closer. This is an excellent opportunity in view of the fact that we have low-cost goods that are in great demand.

Minister Sitthi is making this trip in the name of ASEAN, which greatly increases the importance of this. It's possible to improve friendly relations and increase trade by setting aside political matters. We should have relations with all countries. That's better than always misunderstanding each other.

11943

CSO: 4207/218

THAILAND

MILITARY RAISES CONCERNS OVER QUALITY OF PRC WEAPONS

Bangkok LAK THAI in Thai 28 May 87 pp 25-27

[Unattributed report: "Problems Have Arisen With the Artillery That Thailand Purchased from China; Thai Artillerymen Refuse To Accept These Weapons"]

[Text] The army agreed to purchase a large number of tanks, personnel carriers, and AAA at friendship prices, which were still not cheap. Gen Chawalit Yongchaiyut, the RTA CINC, personally went to China to sign the purchase agreement. Now, the army is waiting to purchase a new shipment of weapons from China, that is, artillery. LAK THAI has already reported that the army really wants to purchase these weapons because of their "price." That seems to be the most important consideration. But even though the weapons purchased from China are inexpensive, we have paid a higher price than have other third-world countries. China almost gave them these weapons in the hope of benefiting politically. And the quality of the "goods" is different.

The New Artillery Pieces

The Artillery Division that was formed in Lopburi Province is composed of three regiments. Today, two of the artillery regiments are up to full strength. The third regiment must be brought up to strength in 1988. Finding personnel is not the problem. The problem is equipping this regiment with weapons, that is, artillery. This must be heavy artillery. The heavy artillery used today is U.S.-made M114 155 mm howitzers.

This new artillery regiment will be divided into two battalions. Each battalion must be equipped with 18 heavy artillery pieces for a total of 36 guns. These guns will not be U.S. M114 155 mm howitzers, our main type of artillery. We have approximately 80 of these, most of which are in the Artillery Division. A few are in the 1st King's Guard Artillery Regiment. We have approximately 300 M101 105 mm guns. These guns are used by battalions in the army regions.

World Sources of Artillery

After people began thinking about purchasing artillery other than U.S. M114 howitzers, to procure artillery for the new artillery regiment in the Artillery Division, they started looking at several famous artillery

production sources. Attention was focused on the French "kiat," the ODE 155 mm howitzer of Singapore, and the GSN-45 and GSN-45 APU 155 mm howitzers produced by the Noricum Company of Austria. There was great interest in these last two types, and contact was made. In March, it was thought that Thailand would purchase nine GSN-45 APU howitzers. Preparations were made to test these guns at the Artillery Center in Lopburi before signing the purchase agreement.

Initially, it was thought that Thailand would purchase ODE 155 mm howitzers from Singapore. But this was opposed by the Directorate of Operations, which felt that this gun was inferior to the M114 howitzers used here. They felt that we should look for a gun that has a greater range, that does not require excessive maintenance, that is not overly complex, that is easy to use, and that can be moved easily.

Why Does It Have To Be Chinese Artillery?

After discussing the matter, the purchase of Austrian GSN-45 APU 155 mm howitzers was approved by the Directorate of Operations and sent up to higher echelons for approval. Lt Gen Suchinda Khraprayun, the deputy army chief of staff, approved this and forwarded the matter to the army chief of staff, Gen Wanchai Ruangtrakun. We were on the verge of reaching a tentative agreement, that is, submitting a price and conducting tests to see if they had the capabilities stated. But suddenly, this was rejected by senior people in the army. That is, Gen Chawalit Yongchaiyut, the RTA CINC, received a report stating that China was producing this type of weapon and would be glad to sell it to Thailand. The report stated that this weapon was being produced by the China North Company, that it had been tested, and that the Noricum Company had certified that it met all the production specifications. Also, China was prepared to sell this weapon to Thailand at friendship prices. It is thought that the gun produced by China, which is called the WH21 155 mm howitzer, will cost at least 50 percent less than those purchased from the Noricum Company, Austria.

Gen Chawalit did not want to switch models. That is, he wanted to purchase the model already proposed. All he wanted to do was buy from a different source. Because the guns from the two sources were identical in all respects. But he felt that because the one source was offering to sell it to us at a lower price, we should buy from that source, that is, China. Thus, in purchasing new artillery for the Artillery Division, we turned away from the Austrian Noricum gun, which was about to be loaded onto the ship for delivery here for testing, to the Chinese Norinco gun.

The negotiations on the Chinese Wak-21 gun have made rapid progress because of their great attraction, that is, their low price. However, there is still concern about the quality of this weapon. Everything is being made in China. Although they have copied the design, there is much concern about the skills of the craftsmen. In particular, Thai artillery experts are very concerned about the quality of the steel used and the quality of the barrels.

Chinese Gun Barrels

Thailand is already using about 30 Chinese-made artillery pieces. These are 130 mm guns that China gave to Thailand free of charge. Although these are smaller guns, they have a fairly long range. However, the life of the barrels is rather short. That is, the barrels have to be changed after firing approximately 800 rounds. Most artillery can fire about 2,100 shells before the barrel has to be changed. Some U.S. and European artillery can fire up to 2,800 shells. The fact that these gun barrels have to be changed after firing only 800 shells says something about the quality of the steel used to produce the barrels.

Thus, the negotiations are now focusing on the quality of the barrels. China is probably aware of the substandard quality of its gun barrels, because it has said that if Thailand doesn't want the Chinese barrels, they will replace them with Noricum barrels. However, the price of the artillery will be a little higher. To date, no definite agreement has been reached on this. Thailand wants them to replace the barrels without raising the price. However, it is expected that the two sides will reach an agreement, because China wants to sell these weapons and Thailand wants to buy them.

Artillery Problems

In principle, deciding to purchase artillery from China instead of from Austria because of the great difference in price for the same type of weapon should be a very simple matter. But there is something that is more difficult than negotiations on price, conditions of payment, and the replacement of barrels and that is the "morale and feelings" of the Thai artillerymen. This is because the Thai soldiers who have used the 30 guns that China gave us "know" what Chinese artillery is like and how good the quality is. What they think of Chinese artillery is clear from the fact that they have used these artillery pieces as supplementary artillery, not main artillery, in operations along the border. The artillerymen have learned that Chinese artillery is not 100-percent reliable. They have many weaknesses, because production skills are not good. There have been problems with the Chinese artillery pieces that should not have occurred. For example, looseness, or bad firing angle, has developed from tilt. Thus, there is uncertainty about whether the Wac-21, whose design is based on one of the best guns in the world, has the same quality as those produced by the parent company, that is, the Noricum Company of Austria.

This is a major problem, because the "users" don't want these weapons. If Gen Chawalit goes ahead with the purchase, no one will object. But those who use these weapons will use them without much confidence. Looking at the combat factors, this is a major issue.

Artillery Center and Artillery Division

It is the Artillery Center at the Phahonyothin Camp in Lopburi that will test the guns and look for their strengths and weaknesses. The unit that will use the artillery, that is, the Artillery Division, which is based in Lopburi, will test them, too.

It is thought that the Artillery Center will make certain recommendations to senior commanders concerning the purchase of 36 Chinese-made Wac-21 guns. The recommendations of the Artillery Center are considered to be very important in making a decision, because this unit is very knowledgeable about artillery. It's the same as when the army is considering purchasing tanks. The tanks must be approved by the Cavalry Center at Saraburi. The Cavalry Center must conduct tests to determine whether the tanks are of the quality stated. In the case of artillery, the tests are conducted even more carefully. Thus, the role of the Artillery Center is decisive at the level of checking the quality of the artillery. If the center feels that the quality of the artillery is not up to standard and that the artillery has many weaknesses, it is difficult for higher-echelon units to disagree.

An artillery news source of ours said that Thailand will probably purchase Chinese-made 155 mm howitzers. But it's doubtful whether the Artillery Division will use these howitzers as its main artillery. The main artillery will probably continue to be the U.S. M114 artillery. Even though the Chinese howitzers are based on a model that has the greatest range of any artillery in the world, this artillery will probably be used as supplementary artillery until people gain greater "confidence" in them.

If anything goes wrong or problems arise concerning the quality of the artillery purchased, this will never be forgotten in artillery circles. Thus, everyone must be made to understand that the main reason why we have decided to purchase Chinese artillery is because it is "cheap."

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FINANCE MINISTER INTERVIEWED ON INVESTMENT, BUDGET

Bangkok THAI RAT in Thai 20 Apr 87 p 9

[Interview with Suthi Singsane, the minister of finance; date and place not specified]

[Text] [Question] How much progress has been made in preparing the 1988 budget?

[Answer] This is the time of year when the Ministry of Finance and the Bureau of the Budget must prepare the 1988 budget and submit it to the cabinet. This has to do with the time that parliament meets. Parliament convened in April, with the first session running for 90 days. The first session closes at the end of June. Thus, the draft of the 1988 budget must be submitted to parliament before the end of June. Around of the end of June, the 1988 draft budget will be debated in detail.

But before that, the Ministry of Finance and the Bureau of the Budget must submit an expenditure budget to the government. Normally, draft budgets are submitted to the cabinet in stages. In the first stage, a total budget is submitted. In the second stage, the expenditures are broken down by ministry. The third stage is to show expenditures by program for each department and ministry. When the first-stage budget is submitted, the cabinet considers the matter very carefully. It considers the budget deficit policy, the revenue collection problems, and expenditure ratios.

Originally, the budget was to be submitted to the cabinet today, that is, 14 April. But the prime minister wanted some of the ministers to study matters in greater depth. Because recently, there have been many holidays. And so we have postponed submitting the budget to the cabinet until 21 April.

Here, I would like to give you a broad picture of how the 1988 budget is being formulated. The 1988 budget is being formulated based on various considerations. For example, this is a period of economic growth for the country. Thus, in arriving at a budget figure, we have to consider whether the investment budget will be sufficient to fuel the country's economic growth.

Another matter that has received much attention is public utility costs, which includes water, electricity, oil, and other such costs. There is a shortfall.

Funds are used from the central budget and from the treasury reserves. And this year, some are saying that utility costs must be kept in line based on the real situation and that the outstanding debts must be paid off.

Another matter that has received much attention is the matter of state enterprises having to rely on the budget. Particular attention is being given to those enterprises that do not earn revenues themselves and to the burden that this places on the government. For example, the government has to make up the losses of the State Railway of Thailand. The situation must be monitored carefully. Otherwise, the burden will grow even heavier.

Another major issue is the fact that the country's debt is very large. Thus, in managing loans, we must monitor things carefully to ensure that the amount earmarked for servicing the debt, including both principal and interest, does not grow too large. That is, debt servicing must be kept within suitable limits. But at the same time, there must be sufficient budget funds left for administrative expenditures.

In summary, the increase in the 1988 expenditure budget will be at least as great as that last year. But the important thing is the quality of the expenditures. What this means is that in increasing the budget, particularly the investment budget, it should be ensured that the funds spent on the various development projects be part of an overall national development strategy. That is, besides the expenditures earmarked for specific policies, in transforming the Sixth Economic and Social Development Plan into ministry operations plans and plans and projects to be submitted to the Bureau of the Budget, emphasis must be placed on the mechanisms that will generate the desired economic growth. Things can't be done haphazardly. For example, if emphasis is placed on rearing meat cattle and milch cows, on producing fruit for export, on increasing the number of vocational classes, or on dealing with the drought situation, this must be clearly stated.

The general view seems to be that in preparing the expenditure budget, the only thing that is given attention is the Fiscal Budget Act. But actually, attention is given to other things besides the expenditure budget. They must also look at the use of foreign loans, the state enterprise investment budget, and municipal expenditures. What they look at is the "public sector." They look to see whether public-sector expenditures are growing in the proper way. We are looking at only 19 percent. This is what we are discussing. And 25 percent of this goes for debt servicing. The rest is for development.

[Question] Thus, this year it can be said that all public-sector expenditures must be analyzed.

[Answer] Why? Because the state enterprises are bigger than all the other sectors combined. They have huge resources and a huge number of employees. Besides looking at what the departments are doing, we must look at what the state enterprises are doing. Regardless of whether it is the State Railway of Thailand, the Bangkok Mass Transit Authority, the Electricity Company, or even the Industrial Estate that is being formed at Laem Chabang, we must see in which direction the government is moving the state enterprises and look at the use of the foreign loans. Because most projects are built using loans. The

Sathon and Taksin bridges, the expressways, and even the eastern seaboard projects have all used foreign loans. Even in the case of the streetcars that will be built, the foreign loans must be looked at to see how great the reserve will be.

As for dispersing power, the subdistrict councils must see what roles the municipalities and provincial elements have and how great local revenues are. For example, Kamphaengphet has said that it should have a greater role.

This year, I have asked people to look more at the overall picture. We often look at very specific points. For example, the Electricity Generating Authority will mine 3 billion baht worth of lignite at Mae Moh or the Bangkok Mass Transit Authority plans to rent additional buses at a cost of hundreds of millions of baht. Or even that the Expressway Authority plans to open bidding.

I am talking only about the expenditure budget. I can tell you about the direction of the expenditure budget. But I don't want to go into specific amounts. This has not yet been submitted to the cabinet.

[Question] How large will the 1988 expenditure budget be?

[Answer] First of all, I would like to say that the 1987 budget was set at 227.5 billion baht, which is 19 percent of GDP (gross domestic product). Of this, 36,311 million baht, or 16 percent of the budget, was allotted for investments, and 56,150 million was allotted for servicing the debt. For the new fiscal year, the budget has been set at 19 percent of GDP.

In setting the budget at 19 percent of GDP, we have tried to determine what a suitable amount is for the public sector. We feel that 19 percent is a suitable figure. Because if we allot too much to the public sector, that will not leave enough for the private sector. The private sector wants money for investment and job creation. And 19 percent represents an increase over last year. Thus, now that the figure has been set at 19 percent, the problem is one of quality. This 19 percent of GDP represents a 7 percent increase in expenditure over last year. This 7 percent increase.... I would like to talk about the suitability of this figure of 19 percent. I have increased the investment budget by 1.5 billion baht. This will have a crowding out effect. The proportion taken from the private sector can't be too large or it will have an adverse effect on the private sector.

This figure of 19 percent represents a 7 percent increase in expenditure as compared with last year. And 7 percent is higher than the inflation rate and the economic growth rate. Actually, we are trying to raise more taxes. As I said earlier, we cannot focus on this alone. We have to see how much the state enterprises are doing. We have to look at the municipalities and localities and at foreign loans.

A total of 59.8 billion baht, or 24.6 percent of the budget, has been allotted for debt servicing. We must monitor things to keep the debt burden at this level. Otherwise, we won't have any money for other projects. We will become bogged down in servicing the debt. But if we don't service the debt, there will be problems. Thus, we have allotted 24.6 percent for debt servicing. We

have proposed a 1988 investment budget of 39,759 million baht, or 16.3 percent. Last year's investment budget was only 16 percent. But this year, we have proposed a figure of 16.3 percent. This figure of 39,759 million baht is a 9.5 percent increase as compared with last year's increase of 6 percent. As compared with the overall growth rate, this is a 7 percent increase. In short, this year, much weight has been given to investments. Investment expenditures alone have increased 3.4 billion baht.

I would like to point out that last year, we were in a difficult situation. But investment expenditures increased somewhat. If the 1.5 billion is excluded, few sectors showed an increase. But this year there will be an increase of 3.4 billion baht. This is something of which the government can be proud.

To summarize, the 1988 budget will increase at a normal rate. We are trying to keep debt servicing at a normal level. We have increased investment expenditures by a fairly large percentage, that is, 9.5 percent over last year, or approximately 3.4 billion baht. What we must consider now is how to spend these increased investment funds. We have discussed the fact that these investment expenditures must manifest clear results in developing the country, particularly in this period of expanding relations with the private sector.

From what I have heard, after the Economic and Social Development Council formulated the Sixth Plan, the ministries gradually formulated operations plans. Based on these, the Bureau of the Budget formulated plans and projects. The task here is to determine who will do the work and achieve results. Because the funds bring the greatest benefits if they are used in accord with the plans and projects. The Development Council has formulated a development plan. The ministries are the units that make operations plans. Thus, they must stress what they plan to do.

Take the Ministry of Agriculture, for example. It has said that in developing agriculture, the public sector will be responsible for technical matters. But the Bank for Agriculture and Agricultural Cooperatives will handle credit matters. This is very clear. They have shown exactly what they plan to do. Each of the ministries must formulate projects to show what they plan to do. This year, after the budget has been prepared and the Bureau of the Budget has set the allocations for each ministry, the ministers must check to see whether the departments and divisions are doing things in accord with their policies. A minister has the right to examine the budgets within his ministry and see which projects each department is emphasizing. For example, will they focus on carrying out a livestock project or on producing fruit for export?

I would like to repeat that during this new fiscal year, we will focus on plans and programs to develop each of the ministries. Each ministry must submit a budget to the cabinet and be prepared to answer questions on what it plans to do and what its targets are for the year. For example, the Department of Highways may plan to give more attention to paving rural roads. Or the Ministry of Education may want to focus on vocational courses at various institutions. They must explain what they hope to accomplish by the end of the year. Then at the end of the year, we can compile the results and see what was actually done.

The Economic and Social Development Council has said that the Sixth Plan has been implemented. The Ministry of Finance has taken action. The plan should be coordinated better with the budget. This means that the various plans must be in accord with the council's plan. To what is the council referring? It is referring to what they call the development budget or development expenditure. The 1987 development expenditure was 81,574 million baht, or 35.9 percent. In their view, if the development expenditure increases, that means that Thailand is spending money in order to hit the growth targets. For 1988, the expenditure budget will be at least 36 percent.

Let's look at how this can be. The Development Council likes to help the government sectors formulate plans and projects to spend their allocations. If this is monitored, the quality of the budgets will improve. Thus, in allocating money, what we must look at is what projects the ministry has formulated and whether these projects are suitable and what the results will be. At present, we don't know the answers. We will have to monitor this for a long time.

[Question] Does the Ministry of Finance plan to increase taxes in fiscal 1988?

[Answer] Our target for tax revenues in fiscal 1988 is 15.6 percent of GDP. We have been very careful not to increase taxes. I feel that the private sector needs more time to recover. We have cut taxes on several items. When I was appointed minister of finance last year, I took several steps to help business. I don't want to do anything that would slow down the economic recovery. What we need to do today is collect taxes from those sectors that are not paying taxes or that are not paying as much as they should.

Another reason for not increasing taxes is that the planned budget deficit is only 44 billion baht, or 3.4 percent of GDP. In comparison, the budget deficit in fiscal 1987 was 42 billion baht, or 3.5 percent of GDP. The budget deficit for fiscal 1988 is thought to be very conservative.

[Question] We are now 5 months into the 1987 fiscal year. Are you concerned about anything? Are revenues and expenditures in line with the targets?

[Answer] Actually, this is a serious problem for them. Because the ministers were just appointed to their positions in August. And things grew serious in December. They actually began using the money in January, February, and March. I think that each of the ministries is working hard and trying to find a way. Their budgets are about the same every year. And the work comes from the same divisions and departments. The only question is, who has the ability to make good use of the money? I think that they are acting very businesslike.

I am directly involved with the 1.5 billion baht MP budget and budget for stimulating the economy. Funds for reviving the economy have already been authorized. As for the 1.5 billion baht that has been authorized, we must look at several things. First, is this possible? Second, are there problems that will force this to end quickly? Third, will the targets be hit? Will revenues actually rise and will exports increase very much? Is the foundation good? For example, if we authorize another 1.5 billion baht, will it be used? If so,

that's fine. But it won't be. Will people know how to spend this money? Where are they going to use it? Which sector will get a lot? Are there things that haven't been checked? What are the conditions?

[Question] Are there any problems with respect to revenues?

[Answer] From what I have seen, 1987 revenues from the Customs Department have increased. This may be because imports have increased. And it may be because they have improved their collection methods and tightened up things in making assessments. And they are no longer requiring deposits. However, we can't have a huge increase in imports. We have done a lot to promote investments. There are tariff exemptions on some imports. We are supporting exports by allowing certain items to be imported duty free in order to produce export goods. But just looking at the import statistics gives a false impression. This will lead to a trade deficit. Thus, we can't do too much in this respect. Let's just say that things have improved.

As for the Excise Department, the targets have been hit. In particular, we have been strict about collecting taxes from the Surathip Company, including both old and monthly taxes. This will be very helpful. It is not a minor issue.

The problem is with the revenue tax. As a result of the measures implemented to lighten the tax burden on ordinary individuals, they are paying less. The amount of revenue taxes collected is somewhat less than planned because of the reduction in the individual income tax. The tax on dividends was lowered, too. Quite a bit of attention has been given to stimulating investment. We are watching to see whether our lowering of the rates will speed up the recovery once the economy begins to expand. We haven't reached that point yet. The target hasn't been hit.

There have been reports that the department is in favor of lowering the target while the ministry is opposed to this. But there is absolutely no truth to this.

The main thing is that revenues have been somewhat lower than the target. I have talked with the director-general of the Revenue Department. His morale is good. He said that he is in favor of maintaining the present target to provide us with something to cling to. He said that we must hit the target. He is sure that there is a way to collect the targeted amount of money. We discussed measures to improve tax collection and collect more taxes without raising the tax rates or putting a greater burden on the taxpayer. As for revenues from state enterprises, we are trying to get the state enterprises to send the proper amounts to the treasury.

[Question] There have been reports that the Ministry of Finance plans to "smash the piggy bank" of the Government Savings Bank and put their profits into the budget. Is there any truth to this?

[Answer] The Government Savings Bank has made a large profit. But there is nothing in the law that says that revenues must be turned over to the treasury. The under secretary of finance and the Comptroller-Generals

Department are now making changes. They have talked with the director of the Government Savings Bank about what can be done to ensure that things are in accord with the original reasons for establishing the bank. At the same time, we are looking to see if the bank can coordinate things with the Ministry of Finance in turning over revenues.

Actually, the Government Savings Bank has only one customer, the government. Thus, with respect to transmitting revenues to the treasury, there is really no need for discussion. Because these revenues stem from the interest earned by the notes issued by the Ministry of Finance on behalf of the bank. Thus, there is really no need to discuss the matter of transmitting the revenues to the treasury. After all, we are the ones who gave them the interest, right? I don't view this as a major problem. The Government Savings Bank receives interest from the Comptroller-General's Department.

[Question] Today, many areas are suffering from drought. Will the development budget be increased in accord with the present situation?

[Answer] The government sectors with funds for this have taken action. This has been taken into account when allotting economic recovery funds. Emergency funds are been allotted for this. Specifically, approximately 150 million baht have been allotted for procuring water in the northeast. This has gone through the Department of Health, the Office of Accelerated Rural Development, and the Irrigation Department in order to implement this policy. They must carry on activities 24 hours a day during this period. Besides this, other government sectors must speed up work on their projects.

What we need to keep an eye on is the fact that drought in the northeast will probably continue to be a problem. The government has directed the National Economic and Social Development Council to determine whether there should be a group effort to work toward the same goal. That should help solve the drought problem or help improve the situation.

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POST-CHAWALIT RTA SENIOR LEADERSHIP VIEWED

Bangkok KHAO PHISIT in Thai 6-12 May 87 pp 19-21

[Unattributed report: "From CRMA Class 1 to CRMA Classes 2, 4, and 5: a Complex Struggle for the Position of RTA CINC"]

[Text] Ever since Gen Chawalit Yongchaiyut became RTA CINC in May 1986, he has tried to create an orderly system for reshuffling army personnel and erase the old image, that is, the "value of a person depends on whom he knows" or "playing politics" in military circles. Even though Gen Chawalit has not hit the target squarely, it is generally recognized that in the army, the military reshuffle has "improved." In particular, outsiders now have a much more positive view of the army following the appointments in the 3d Army Region. The deputy commander, Maj Gen Siri Thiwaphan, a member of CRMA [Chulachomklao Royal Military Academy] Class 4, was promoted to lieutenant general and appointed commander.

But whether people will continue to have such an attitude in the future is very difficult to determine, because rising to the top in the military is a very complex matter involving many variables. In particular, considering the seniority of the senior officers, or "biggs," figuring out a way to resolve the matter in a calm manner is enough to give anyone a headache.

Starting from Big Chiu's Retirement as RTA CINC in 1988

To look at the future of the army, we must look forward to the end of 1988. Gen Chawalit has said that he will definitely give up his position as RTA CINC when he turns 55. Whether he will then become supreme commander or become involved in politics isn't known. This is difficult to predict at this time.

Some reports have stated that at the end of 1988, if Big Chiu doesn't actually retire from the military but just gives up his position as RTA CINC, that will indicate a change in the structure of Supreme Command Headquarters. It will mean that Supreme Command Headquarters is being turned into a joint chiefs of staff. That is, there will be a chairman of the joint chiefs of staff, and the person who holds that position will have power over all the branches of service. This is a distinct possibility in view of the fact that there is now no deputy supreme commander. There is only the supreme commander, Admiral Supha Khotseini, who will retire on 30 September 1987.

Returning to Gen Chawalit's retirement as RTA CINC in September 1988, what this means is that in October this year, the person who replaces Gen Phisit Mobut as deputy RTA CINC will have a good chance of becoming RTA CINC after Gen Chawalit.

Big George Is Still the Front-runner; Original Prediction Was That Wanchai Would Go to Supreme Command Headquarters

Many people feel that Big George, or Gen Sunthon Khongsomphong, the assistant RTA CINC and a member of CRMA Class 1, the same class as Big Chiu, is the front-runner for the position of deputy RTA CINC at the end of this year. Thus, if Big George does not make a mistake, he has a good chance of replacing Big Chiu as RTA CINC at the end of 1988. If he does become RTA CINC at the end of 1988, he will hold that position until the end of 1991. And again, we will have to watch and see who replaces Big George as deputy RTA CINC at the end of 1988, or who is waiting in the wings to replace Big George.

However, even though Big George is the front-runner for the position of deputy RTA CINC at the end of this year, people should not overlook a second candidate for this position, that is, Big Sua, Gen Phichit Kunlawanit, the assistant RTA CINC and a member of CRMA Class 2, whom some believe was "sent from heaven." If more confusion arises in the army over matters such as the "Revolutionary Council," Big Sua's chances will definitely improve.

One member of CRMA Class 5 told KHAO PHISET that looking at the roles played by Gen Sunthon and Gen Phichit since they were appointed assistant RTA CINC in October 1986, it can be seen that both of them have been very careful in their actions.

As for Gen Wanchai Ruangtrakun, the army chief of staff and a member of CRMA Class 1, a person close to him told KHAO PHISET that what happens is up to his superiors. It is not his style to create problems, apply pressure, or bargain with people.

It was originally thought that Gen Wanchai would be transferred to Supreme Command Headquarters and appointed chief of staff officers. But people around Gen Wanchai say that it would be very good for the army if he remains in his present position for another year, because this calvaryman is a hard worker.

Other news sources have said that while possible, it is unlikely that Gen Wanchai will remain in his present position, that is, army chief of staff. "There is now some talk, although not very serious, to the effect that if Gen Phisit is granted an extension as deputy RTA CINC, the five army "tigers" won't move up. That would give Gen Wanchai a chance to remain in his present position," said a news source.

CRMA Class 5's Suchinda, Does He Really Have a Look on the Position?

Many people think that after Big Chiu and his replacement as RTA CINC step down, it will then be the turn of CRMA Class 5. And the Class 5 member who is generally considered to have a good shot at becoming RTA CINC is Lt Gen Suchinda Khraprayun, the deputy army chief of staff and president of Class 5.

An army news source told KHAO PHISET that it's true that Lt Gen Suchinda is a symbol of Class 5. Fellow classmates regard him as a knowledgeable and talented person. But this does not mean that he has a lock on the position of RTA CINC. Looking just at CRMA Class 5, there are two other lieutenant generals from Class 5 worth keeping an eye on. These are Lt Gen Isaraphong Nunphakdi, the commander of the 2d Army Region, and Lt Gen Wimon Wongwanit, the commander of the Special Warfare Command [SWC], or "5th Army Region" as it is called.

Furthermore, looking at when these officers will retire, Lt Gen Wimon, for whom Gen Prem has great respect, is in a very good position. He will not retire until 1994. If things proceed as discussed above, Big George will serve as RTA CINC during the period 1988 to 1990. He will be replaced by Big Sua, who will hold the position from 1990 to 1992. After that, Lt Gen Wimon might well serve as RTA CINC from 1992 to 1994.

Regardless of who becomes the RTA CINC, many members of CRMA Class 5 have told KHAO PHISET that some member of CRMA Class 5 must have a turn as RTA CINC. The only question is, which member?

The CRMA Class 5-Class 4 Gap, the Concern of Big Chiu

To date, four members of CRMA Class 5 have reached the rank of lieutenant general (Suchinda, Isaraphong, Wimon, and Prasert Sarut). Many others are major generals who hold divisional commands. They all have a bright future. This includes Maj Gen San Siphon, the commander of the 1st King's Guard Division; Maj Gen Wirot Saengsanit, the commander of the AAA Division; Maj Gen Phuchong Nilakham, the commander of the Artillery Division; Maj Gen Banthao Yaiketu, the commander of the 6th Division; Maj Gen Khachon Ramanwong, the deputy commander of the Special Warfare Command; Maj Gen Somphon Toemthongchaiya, the deputy commander of the 2d Army Region; and Maj Gen Choe Phosinak, the commander of the 4th Division.

From the standpoint of controlling forces, if Lt Gen Siri Thiwaphan had not been appointed 3d Army Region commander, the balance of power would have tilted strongly in favor of CRMA Class 5. But because he was promoted to lieutenant general and made 3d Army region commander, Class 4 is now serving as a counterweight to Class 5. Because two members of Class 4 are now serving as army region commanders. These are Lt Gen Wattanachai Wuthisiri, the 1st Army Region commander, and Lt Gen Siri Thiwaphan, the 3d Army Region commander. The two Class 5 members who hold equivalent positions are Lt Gen Isaraphong, the 2d Army Region commander, and Lt Gen Wimon, the commander of the Special Warfare Command. However, it is well known that the 1st Army Region commander, who controls important forces in Bangkok and the central region, has great potential.

"And that is not all. It must also be realized that the present commander of the 1st Army Region will not retire until 1995. This requires a careful reading of things," said a news source. He added that it is this balance of power achieved by Class 4 that has created a split between certain elements of Class 5 and Big Chiu. But Class 5 is still Class 5. They will probably act in a very careful and circumspect manner. One interesting thing was when Lt Gen

Suchinda mentioned the matter of the Revolutionary Council, saying that if "soldiers" join that, he wants to be told so that he can discharge them.

Big Krot, a Man Who Can No Longer Be Overlooked

Until recently, Lt Gen Wattanachai was not a very well-known figure. Politicians may remember him as a senator who made many proposals during the time that Gen Athit Kamlangek was the RTA CINC and he was the commander of the AAA Division. But recently, he spoke out quite sharply when Gen Prem Tinsulanon came under attack in the wake of the defeat of the no-confidence motion. Big Krot said that "if they swear at me, I will hit back immediately. My subordinates will have to take care of things. They can't swear at our boss." He expressed his anger at what had happened to the prime minister. As a result, he is now known everywhere.

Lt Gen Wattanachai is closer to Big Chiu than he is to Big Sua. He is thought to be a supporter of both Big Chiu and Prem. In particular, the fact that he expressed outrage over what happened to Gen Prem probably endeared him to Gen Prem even more. When this is added to the fact that he will not retire until 1995, it seems that he has an excellent chance of eventually rising to the top position in the army.

After 1987, Watch the "Struggle" Between Classes 2, 4, and 5

To summarize, the identity of the next RTA CINC after Big Chiu will not be known for sure until after the military reshuffle this September. But even though we do not yet know who that will be, some of the major trends can be summarized as follows:

Gen Sunthon is the only member of CRMA Class 1 with a chance to become RTA CINC. As for other members of this class, it is thought that Lt Gen Charuai Wongsayan, the deputy chief of staff, will be promoted to general. One man worth keeping an eye on is Lt Gen Somkhit Chongphayuha, the chief of the Army Field Forces Department, who has begun to appear as the "shadow" of Gen Chawalit, a fellow classmate.

As for Class 2, Big Sua is the only member of this class with a chance to become RTA CINC. An army news source said that if Gen Prem remains in office, if he wants someone other than Big Chiu or Big George to provide support and needs a deputy RTA CINC to balance the power of the RTA CINC, Big Sua has a good shot at the top position. And today, the conservative movement is becoming stronger again. This gives Big Sua a better chance.

Another member of Class 2 worth keeping an eye on is Lt Gen Wichit Sukmak, the chief of the Territorial Defense Department, who is very close to Gen Prem. He is a variable capable of springing a surprise, particularly if tension arises in the army. Lt Gen Wisit Atkhunwong, the 4th Army Region commander, has a bright future, too.

As for Class 4, although the only well known people in the class are Lt Gen Wattanachai and Lt Gen Siri, in view of the fact that the 1st Army Region commander, Lt Gen Wattanachai, will not retire until 1995 and Lt Gen Siri will

not retire until 1994, these two members of Class 4 will greatly increase the potential of this class in the future. In the past, people tended to overlook this class, which was a mistake.

The chances are increasing that CRMA Class 5's forward movement will be slowed, particularly if the "power" unity of this class is shattered. In that case, it would be "every man for himself." As of now, all that can be said is that even though Lt Gen Suchinda, the president of Class 5, does not have a lock on things, his progress from director of army operations to assistant chief of staff for operations and now deputy army chief of staff has been very smooth, just as was Big Chiu's.

Thus, the future of Lt Gen Suchinda still looks very bright. But we must watch and see whether he is promoted to army chief of staff at the end of this year. If he is not promoted to full general and stumbles at this step, he may well lose his chance.

All of this shows that it is not easy to reach any conclusions about "power" in the army even though it is said that the military has great order and discipline.

Army Leaders, Who Retires Before Whom?

Name and Rank	Position	Date of Birth	Date of Retirement
1. Gen Chawalit Yongchaiyut	RTA CINC	15 May 32	1992
2. Gen Phisit Mobut	Dep RTA CINC	10 Aug 27	1987
3. Gen Phichit Kunlawanit	Assist RTA CINC	6 Jan 32	1992
4. Gen Sunthon Khongasomphong	Assist RTA CINC	1 Aug 31	1991
5. Gen Wanchai Ruangtrakun	Chief of Staff	13 Jan 32	1992
6. Lt Gen Suchinda Khraprayun	Dep CoS (1)	6 Aug 33	1993
7. Lt Gen Charuai Wongsayan	Dep CoS (2)	21 Jun 30	1990
8. Lt Gen Sanan Sawetserani	Assist CoS, personnel	15 Sep 29	1989
9. Lt Gen Ngamphon Nutsathit	Assist CoS, intelligence	5 Aug 31	1991
10 Lt Gen Panya Singaakda	Assist CoS, operations	22 May 30	1990
11 Lt G Kasem Sanguanchatsonkrai	Assist CoS, logistics	2 Dec 29	1989
12 Lt Gen Arun Priwattitham	Assist CoS, Reserve Aff.	26 Jan 31	1991
13 Lt Gen Wattanachai Wutisiri	CO, 1st Army Region	24 Jun 35	1995
14 Lt Gen Isaraphong Nunphakdi	CO, 2d Army Region	20 Nov 33	1993
15 Lt Gen Siri Thiwaphan	CO, 3d Army Region	17 May 34	1994
16 Lt Gen Wisit Atkhunwong	CO, 4th Army Region	18 Apr 33	1993
17 Lt Gen Wimon Wongwanit	CO, SWC	1 Mar 34	1994
18 Maj Gen Khachon Ramanwong	Dep CO, SWC	5 Jun 32	1992
19 Maj G Thanaphon Punyopattam	Dep CO, SWC	21 Apr 34	1994
20 Maj Gen Yutthana Yaemphan	Dep CO, 1st Army Region	16 Feb 32	1992
21 Maj Gen Wachiraphon Phonwiang	Dep CO, 2d Army Region	25 Aug 32	1992
22 Maj G Somphon Toemthongchaiya	Dep CO, 2d Army Region	6 Oct 31	1991
23 Maj Gen Sathon Suwannapha	Dep CO, 3d Army Region	14 Sep 34	1994
24 Lt Gen Saphrang Nutsathit	CO, Army Weapons Production Center	4 Nov 29	1992
25 Maj Gen Wirot Saengsanit	CO, AAA Division	21 Oct 35	1996

26 Lt Gen Wichit Bunyawat	Information Director	9 Jun 31	1991
27 Lt G Aphitthep Intharaphithak	CO, National Security Center	26 Sep 29	1989
28 Lt Gen Wichit Sukmak	Chief, Territorial Defense Dept.	10 Jun 33	1993
29 Lt Gen Somkhit Charoenkham	Commandant, Institute of Army Academies	5 Sep 29	1989
30 Maj G Narutdon Detchapradit	Army Secretary	12 May 37	1997
31 Maj Gen Suthep Siwara	Dep Chief, Territorial Defense Dept.	27 Nov 35	1996
32 Maj Gen Phaibun Emmaphan	Dep CO, Army Weapons Production Center	11 Mar 35	1995
33 Gen Wisitphon Wongthai	Chief, Staff Section, Supreme Command HQ	21 Feb 28	1988
34 Gen Suraphon Bannakitsophon	Dep Chief, Staff Section Supreme Command HQ	5 Mar 27	1988
35 Gen Charat Wongsayan	Dep under secretary of defense	9 Feb 27	1988
36 Lt Gen Prasert Sarut	Adjutant General	19 Apr 35	1995
37 Maj Gen San Siphon	CO, 1st King's Guard Division	4 Jan 34	1994
38 Maj Gen Phuchong Nilakham	CO, Artillery Division	22 Jul 34	1994

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CSO: 4207/218

THAILAND

STUDENT LEADER COMMENTS ON OPPOSITION TO COPYRIGHT LAW

Bangkok LAK THAI in Thai 28 May 87 pp 24-25

[Interview with Mr Aphichat Khamdet, the secretary general of the Student Federation of Thailand: "The Copyright Law in the View of Students: 'We Oppose Revising the Three Laws on Protecting Intellectual Property'"]

[Text] [Question] Why do students oppose revising the Copyright Law?

[Answer] We oppose revising the three laws on protecting intellectual property, that is, the copyright, patents, and trademarks laws. By chance, the Copyright Law was promulgated first and so we have opposed this. We have actively opposed the promulgation of this intellectual property law since April and have signed many petitions opposing this and submitted them to the government.

The reason why we oppose this is that in our view, the attempt to revise this law is the result of imperialist pressure, to which the Thai government has acquiesced. If this law is revised, the Thai people will have to pay much higher prices for these goods while their incomes will remain low.

[Question] The government has said that our existing Copyright Law already applies to 76 countries based on the Berne Convention and that it won't hurt anything to add the United States to this list.

[Answer] From what we have heard, the United States will join the Berne Convention next year. Thus, there is no need for Thailand to revise its law to provide copyright protection to the United States. That is one point.

Second, as people here know, Thailand's royal decree states that computer software can be copyrighted, too. Thus, if the law is revised, besides protecting U.S. copyrights, because copyrights include computer software, the United States will have a monopoly on computer software. We think that this is one of the reasons why they have asked us to revise the law.

[Question] How will this affect Thailand?

[Answer] There has been much discussion among scholars about the intellectual property issue. We feel that intellectual property belongs to the people of

the entire world rather than just certain groups and that people should not be allowed to have a monopoly on such property. Thus, we don't think that anything good will come of doing things this way.

[Question] What do the students hope to achieve?

[Answer] At the most recent meeting of the STF's central committee, it was agreed that even if the intellectual property law is revised, the students will cooperate with the people in fighting this and demanding that the law be changed back. We have to do this regardless of the outcome.

[Question] What kinds of activities have you engaged in?

[Answer] In April, we carried on activities on two fronts. I am referring to all the intellectual property laws, not just the copyright issue. That is, on the broad front, we provided information to the people. We distributed documents to tens of thousands of people, and provided data to students at the various institutions.

As for the united front, we contacted related state enterprise labor unions and asked them to participate in a meeting to determine activities. They agreed. Thus, we now have the cooperation of state enterprise labor unions that control the majority of votes in the Employees Council of the Labor Confederation of Thailand. But we have not pressured the Labor Confederation to get involved in this movement. We are just carrying on activities. This is front work.

As for the front with scholars, we are carrying on activities with the NGO development unit and working in the slums. Recently, we have carried on both widespread activities and front activities. We are confident that we will be able to mobilize forces to oppose the revision of this law.

[Question] Politicians have begun to express much opposition. How will students coordinate things with the politicians, particularly the opposition parties.

[Answer] Actually, it must be admitted that the real game is now being played in parliament. The decisive voices are those of the MPs. We are providing data to the Democrat Party. We are just providing data. We aren't lobbying them to do this or that. We are just providing them with data that they can use to make a decision. As for the opposition parties, we feel that it will be good if they do things based on trying to protect the interests of the people. Coordinating things with them will probably involve asking them what they plan to do and how much progress they have made.

[Question] There is the feeling that the students are not making a sincere effort to get their point across to the politicians even though they know that it is the MPs who will decide this issue.

[Answer] The problem is, we are not certain that the MPs are making good use of the party system. Only the Democrat Party holds a meeting before taking action on something. In general, the MPs don't allow us to participate. The

main thing that we do is write letters to pass along information to the parties. We don't sit down and talk with MPs directly. All we can do is have certain scholars go talk with them. Also, most MPs are very cliquish. This is not a real party system. Within each party, there are various cliques. Thus, if you want to discuss this matter and can reach the leader of the group, fine. But the problem is, the leader is rarely there or he is busy. Thus, we don't have much direct contact with MPs.

But we don't think that it is necessary reach an agreement with them. If they feel that this will really benefit the people or that they must oppose this, they can do what they think is right. That is their duty. We are outside parliament and will carry on activities outside parliament.

[Question] What steps will be taken now?

[Answer] On 18 May, we will hold a demonstration in front of the U.S. embassy in order to protest the fact that they are using the GSP to pressure Thailand. We oppose U.S. imperialism. They are threatening Thailand. The manifestations of this today are the copyright and patent issues.

That same afternoon, we will go to the Government House in order to express our opposition to revising the copyright law. We plan to make a huge ID card and write "Thai Government, American nationality." We will also give them a chain to symbolize the fact that if they agree to serve as the slave of the United States, they might as well bind themselves in chains. We will also take a basket of goods that are covered by the GSP to show them how few goods are included. For example, one item is fish sauce, which is not a very important item. This is not one of Thailand's main goods. We will submit a petition asking the administration to withdraw this bill from parliament. The administration has this power.

If this matter goes before parliament, we will protest day and night in front of parliament in an effort to get parliament to reject this.

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CSO: 4207/222

CADRES' CONTACTS WITH PEOPLE URGED

Hanoi VIETNAM COURIER No 4, Apr 87 pp 19, 20

[Article by Thai Duy: "Going To the People"]

[Text]

Changing one's thinking involves having a new conception of the people, the true masters of the country. Visiting the places where they live and work is the duty of responsible leaders, who must attentively listen to them...

On the 57th founding anniversary of the Party (3 February 1987) the Party Secretariat issued a directive calling on leaders in all branches and at all levels, from the district upward, to frequently visit the grassroots and learn about their problems. This decision has been warmly hailed by both the working people and the cadres at the local level.

In July 1986, talking to an investigative team from the Centre, leaders of Ung Hoa district (Ha Son Binh province) earnestly requested that leaders from the Centre come often to meet the people. A standing member of the district Party Committee told me:

"Whenever leading cadres came to this district, even when they went down to some villages, they usually met local cadres, not the people. Yet, it is at the village and hamlet level that government policies fully show their good and bad points. The peasants, who constitute the majority of the popula-

tion in our district, have met with difficulties stemming from ill-advised government policies, and also from the doings of bad, inefficient local cadres. It is our wish that cadres from the higher levels should come and meet the people and not be content with talking to cadres only. In quite a few places there is a broad gap between the people and the cadres. While the former have to buy agricultural materials at cut-throat prices, the latter pay only very little for the same. They even get some surplus which their wives go and sell at the market. The same with industrial goods: village and district cadres can buy them in priority and they always get the best of everything. Therefore, only through talking to the people can one see both sides of the picture. When we report positive facts, our superiors will readily accept them; but the happening of negative phenomena will not be believed. When they happen officials at higher levels will think that we are shortsighted and pessimistic; that we seek to magnify our difficulties in order to require more materials from the State or to pay lower prices for them; that we unduly support the farmers' demand for higher prices for their agricultural products. Only if cadres from the

Centre, including Party and State leaders, go to the bases and see with their own eyes how the people live and work, only if they listen to their grievance will they understand the situation and correctly assess the truthfulness of our reports." He added: "As a journalist, you certainly know that whenever cadres from the higher levels come to meet the local people in a formal way, the latter will not open their hearts to them. They will weigh their words carefully in order not to displease the local cadres. It is not always easy to get people to speak their minds."

I fully agree with him. It is one thing to meet the people but quite another to get the truth from them. Many cadres from the higher level will candidly inform local cadres of the day and hour of their arrival and ask them to arrange meetings with people in the fields and in their homes. It is then easy for local cadres to stage-manage everything. Provincial, district and village cadres accompanying the delegation will have selected a few families to whom they will have told in advance what they must say to the delegation. Likewise, they will have instructed people in the fields to give the right answers to its questions. In this way no grievances will be aired.

A leading cadre who visits the bases in this way will only see show-cases through rose-tinted spectacles. In some places people are ordered by the local officials to stay at home instead of going to work in the fields. They will clean their houses and furniture and if need be, will be loaned such things as chairs, tea-sets, thermos flasks and table cloths, which will be returned to the committee as soon as the visit is over. The visitors can be deceived in a thousand ways. No wonder that some higher-level cadres will refuse to believe truthful reports and sometimes become prejudiced against their authors.

Such "fact-finding trips" only lead to self-delusion as the higher-level cadres satisfy themselves that the people live rather well and seem quite happy. Some leading cadres at the Centre as well as in the provinces thus cannot stomach the truth and will not believe the reports and newspaper articles which reflect it.

A driver with 15 years' service in a department thus describes the way its cadres visit the grassroots: they will mostly attend conferences at the provincial capital, sometimes at the district centres, rarely at villages, if at all. Yet they are regularly promoted to higher posts. He eventually remarked:

"Strange but true. Although to stand aloof from the people is the most serious mistake a Communist can make, although the first criterion by which his merits are in

be judged is whether he keeps in touch with the people, at present many cadres who stay away from the masses and spend their time attending meetings and following courses, are commended and promoted while others, who regularly visit the bases, talk to the people and keep in close contact with production bases, are rarely promoted to higher posts, particularly those of them who report the truth to their superiors."

During a recent visit to the Giang Vo Fair -- Exhibition, I met the deputy chief-of-staff of a provincial People's Committee who was in charge of the province's stand. I asked him what he thought of the Party Secretariat's recent directive calling on leading cadres at all levels to pay frequent visits to the grassroots. "I have carefully read it," he answered. "I am both glad and worried. Now that management is based on economic accounting and budgetary subsidies are no longer available, government offices at higher levels must issue policies suited to the fast-changing situation. For this purpose, comrades at the higher levels must visit the bases -- but not in the perfunctory way they were used to. True, district guest-houses are rather uncomfortable to say nothing of the villages. Some comforts are necessary to preserve the health of higher cadres. But in any event leading cadres must be in close contact with the people if they are to know their true conditions. Every now and then they should live the life of ordinary toilers and share their hardships."

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CSO: 4200/679

HANOI'S CHRONOLOGY OF EVENTS 15 FEBRUARY-14 MARCH 1987

Hanoi VIETNAM COURIER No 4 in English Apr 87 p 32

[Text]

(15 February — 14 March)

FEBRUARY

16. The SRV Council of State holds a regular session at which it adopts rules for the election of the 8th National Assembly, takes decisions to consolidate State organs under the Council of Ministers, appoints and discharges a number of members of the Council of Ministers.

17. Bucharest: Signing of a protocol on goods exchange and payment for 1987 between Vietnam and Romania.

17-19. Vietnam attends a round-table conference for the Asian region sponsored by the United Nations and held in Kathmandu (Nepal) (See article on page 10).

18. A delegation of the GDR Light Industry Ministry, headed by Vice-Minister Polimann ends its visit to Vietnam. A protocol on labour cooperation for 1987 between the two countries is signed on this occasion.

Hanoi: Signing of minutes on cooperation between Vietnam and Australia for the publication in Vietnamese translation of the novel "Man Tree" by Australian writer Patrick White, a Nobel prize winner in literature.

20 Hanoi: Signing of a protocol on goods exchange and payment for 1987 between Vietnam and Poland.

22-23: K. Salukov, Director of the Committee for Popular Culture and Education of the USSR Supreme Soviet, pays a friendship visit to Vietnam.

24 Feb.-1 March: A delegation of the charity organization Good Land (FRG) headed by its Director, R. Sverer, pays a visit to Vietnam.

26. Binh Tri Thien: Holding of a ceremony marking the reception of 160 tons of clothing, medicines and food, a gift of the Polish Government and people to the people of Binh Tri Thien province to help overcome the consequences of successive natural calamities in 1986.

28-28: Tsereennadmid, Mongolian Minister of Public Health, pays a friendship visit to Vietnam.

27. Ha Nam Ninh: Holding of a ceremony marking the reception of 5,000 blankets, a gift of the Czechoslovak Government and people to the people of Ha Nam Ninh, a province ravaged by Typhoon No. 5 in 1986.

28 Feb.-4 March: A trade delegation of Albania headed by S. Korbeci, alternate member of the Albanian Party of Labour Central Committee and Minister of Foreign Trade, visits Vietnam.

MARCH

1. Opening the National Soccer Tournament (First Division) for 1987 with the participation of 27 teams, 8 of them newly raised from Second Division.

3. Hanoi: Opening of the 14th session of the Vietnam — Hungary Commission for Economic, Scientific, and Technical Cooperation.

5. Regional Director for the Western Pacific of the World Health Organization, Dr. Hiroshi Nakajima, visits Vietnam.

6. A delegation of the Left-wing Socialist Party of Norway, headed by Kristi Nost, Vice-Chairwoman of the Party, pays a visit to Vietnam.

7 - 15. Opening of the 1987 National Table Tennis Tournament sponsored by the daily *Nhan Dan*. Taking part in the tournament are 152 contestants from 20 provinces and cities and four branches of activity.

9 - 11. GDR Foreign Minister, Oskar Fischer, Member of the Central Committee of the Socialist Unity Party of Germany pays an official visit to Vietnam (See article on page 11).

10 - 12. Hanoi: Holding of the 13th session of the Vietnam - Bulgaria Commission for Economic, Scientific and Technical Cooperation. An agreement on goods exchange and payment for 1986 - 1990 and a protocol on goods exchange and payment for 1987 between Vietnam and Bulgaria are signed.

11. Hanoi. Signing of a protocol on goods exchange and payment for 1987 between Vietnam and Mongolia.

11 - 13. E. Shevardnadze, Political Bureau member of the CPSU Central Committee and Soviet Minister for Foreign Affairs, pays an official visit to Vietnam (See article on page 4).

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PH071608 TAP CHI QUAN DOI NHAN DAN in Vietnamese Apr 87

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VIETNAMESE-AUSTRALIAN TRADE RELATIONS EXPANDED

Hanoi NGOAI THUONG in Vietnamese 20 Apr 87 p 9

[Article: "Vietnamese-Australian Trade Relations"]

[Text] In recent years, the exchange of goods between Vietnam and Australia has made remarkable headway. In 1983-84, total two-way trade value reached 7 million Australian dollars; in 1985-86, it shot up to 18 million, and in 1986-87, it may well reach 30 million (the Australian dollar is worth 0.8687 of the U.S. dollar).

To strengthen mutual understanding for accelerating bilateral trade relations, an Australian trade mission composed of representatives from 10 state and private companies led by Richard Fletcher, Australia's High Commissioner, visited Vietnam from 1 to 8 April 1987. During its stay, the mission held discussions and contacts with the Ministry of Foreign Trade and the Vietnam Export-Import General Corporation in Hanoi and went to Ho Chi Minh City to resume talks on bilateral trade.

Currently, Australia wants to purchase our agricultural products, food, marine products, industrial minerals, wood products, and handicrafts. In return, it hopes to export to Vietnam air-conditioning equipment, mineral processing technology, industrial sugar technology, and some food products made in Australia.

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CSO: 4209/475

INCREASED EXPORT OF FRESH PRODUCE TO USSR REPORTED

Hanoi NGOAI THUONG in Vietnamese 20 Apr 87 p 5

[Article by NH: "Vegetables and Fruit Export-Import Corporation No 1 Increases Rapidly Fresh Produce Shipments to Soviet Union"]

[Text] The Vietnamese-Soviet cooperation agreement on vegetable and fruit production and export for the 1986-90 period is the largest cooperation program next to the one on oil exploration. It attests to the importance of production and export of vegetables and fruit to the Soviet Union that serve the needs and interests of both countries. In 1986, the first year of the program, fresh produce shipments to the Soviet Union by Vegetables and Fruit Export-Import Corporation No 1 of the Vegetables and Fruit Export-Import General Corporation have increased considerably, in terms of volume and value.

Produce deliveries were 2.2 times over 1985, with carrot and cabbage exceeding contract and agreements terms. Other commodities including potatoes, onion, sweet-pulp fruit, and turnip-cabbage recorded substantial gains but still fell below contract norms.

The corporation successfully reduced wastage--0.3 to 2 percent lower than official standards--saving a total of 2,890,000 dong. It sold more higher-priced produce to the Soviet Union. With initial deliveries serving as a guide, cabbage posted the lowest increase (1.6 percent) and oranges the highest (13.6 percent), earning the equivalent of nearly 20 million dong in foreign exchange. The corporation also improved loading capabilities and shortened loading time, enabling the Soviet side to use five refrigerated ships fewer than it did in 1985.

In the first quarter of 1987, the corporation encountered difficulties--unsteady organization, complex weather conditions that weighed on fresh fruit exports, shortages of packing materials, imbalance between exportable produce and packing capabilities forcing the corporation to "live from hand to mouth" as far as packing was concerned, ever-fluctuating purchasing prices, and shortages of cash and supplies in support of purchases. Determined to do its 1987 job properly, in the first quarter the corporation shipped out 24,610 tons of fresh vegetables and fruit, surpassing the previous year's same period by 45.58 percent. In sum, its export value in the first quarter of 1987



amounted to 49.4 percent--compared with only 37 percent in the previous year's same period--of the general corporation's total export value.

That performance stemmed, first of all, from a vigorous purchasing effort. Since most produce exports came from the northern provinces where the winter productive season was very short, the corporation signed economic contracts 6-9 months ahead of planting time to ensure adequate deliveries. It found ways to improve fresh produce packing step by step, making the most of transportation means and guaranteeing commodity quality. In big-exporter areas, it coordinated with related organs to conduct quality control, quarantines, and commodity pickups at the basic level. As a result, the corporation was able to curb the loading and on-the-dock reprocessing of substandard commodities. Plans for arrangement and guidance were also made to time ship dockage with produce harvesting and transportation from the localities to Haiphong Port. An opportune and realistic purchasing policy was implemented, complete with bonuses, fines, and other measures aimed at stimulating cadres, workers, and civil servants to do well on purchasing, shipping, loading, and unloading.

Although many problems remain to be solved, the results in 1986 and this year's first quarter bear witness to the great capabilities and prospects of developing production and export to Soviet markets of fresh vegetables and fruit, especially those from the winter crops in the northern provinces.

9213/9274

CSO: 4209/475

HO CHI MINH CITY'S EXPORT-IMPORT VALUE INCREASES

Hanoi NGOAI THUONG in Vietnamese 20 Apr 87 p 3

[Article: "Export-Import Business Undergoes Vigorous Changes in Ho Chi Minh City"]

[Text] In the first 3 months of the year, Ho Chi Minh City's export-import value increased 47 percent over the same period last year. A striking feature is that the city has effectively maintained a steady export pace through availing itself of local commodities and cooperating with other localities.

This year, the city is shifting its investment focus on suburban areas to exploit homegrown sources--shrimp, pork, duck, peanuts, and ginger roots. The Cau Tre agricultural product processing corporation, the agricultural service, the grain corporation, and the food corporation have invested \$2 million in these programs, which emphasize an unbroken string of activities from growing raw materials to processing to serve export and domestic consumption. Similarly, precinct and district corporations catering to export trade have invested more in local production installations and have limited, with a view to eliminating, the practice of competitive purchases from friendly provinces. The city has imported more equipment and has renovated technology to accelerate contract production of goods for export to brotherly socialist countries. Furthermore, it has issued new regulations aimed at exploiting more effectively our strengths in tourism, shipbuilding, establishment of overseas Vietnamese associations, and development of services apt to generate foreign exchange.

The city has reserved more than 77 percent of its imports for raw materials, supplies, and equipment to support production and in-depth investments. The remainder included primarily production-oriented goods such as cement and fertilizer. Nonessential consumer imports such as cigarettes, "Cub" motorcycles, and color television sets, were restricted. The flow of imports was handled more properly, reducing considerably the practice of buying, selling, and bartering to pocket price differentials--practice that causes prices to go up irrationally.

Implementing the CPV's three great economic programs, Ho Chi Minh City has set the export goal for 1987 at 200 million rubles/dollars--a 20.3 percent increase over last year. It has brought the export-import business gradually

into socialist planning and profit-and-loss accounting and has taken steps to overcome dispersive tendencies and attempts to raise prices for a profit--all the factors that disrupt production and the marketplace. In addition to effective procedures aimed at easing difficulties for installations involved in export production, the city is revamping its apparatus in charge of economic transactions with foreign countries, gradually disengaging the Import-Export General Corporation (INEXCO) from administrative management so that it can become a veritable production and business unit.

9213/9274

CSO: 4209/475

HANOI TRIES TO SOLVE FOOD SHORTAGE PROBLEMS

Hanoi HANOI MOI in Vietnamese 11 Apr 87 p 2

[Article: "While the Food Supply Is Not Yet Abundant, the Distribution Must Be Fair and Logical"]

[Text] Recently, the amount of food that the central government supplied the city arrived late and was short. Under the guidance of the city's People's Committee and with the help of the different sectors, the food office devised urgent methods of distribution and of organizing local additional sources of food supply to partially meet the needs of the cadres, people and armed forces.

The city tried to quickly set up a source of food supply in neighboring districts, using many means; depending on the local authorities to borrow reserve grains, buying the agricultural workers' food (the city paid an additional 2 percent over normal prices or traded handicrafts according to set standards), borrowing the neighboring districts' food and buying subsidiary crops. Although definite difficulties still exist the sector has succeeded, through the first two campaigns, to borrow and buy 9,015 tons of grain and 2,008 tons of potatoes and yams. Since the middle of February, following the city's People's Committee's resolution 612, the sector has contacted all the neighboring districts, campaigned, negotiated an advance on the spring 5th month crop, borrowed the people's surplus grains, promising to pay with interest with grains, equipment, money and on-the-spot equipment trading. To date, the sector has succeeded in buying over 1,478 tons of grains, 2,370 tons of corn, and 91 tons of manioc....

Aside from the above sources of supply, following the city's division of labor, four food companies in the inner city were allowed to unite with the outlying provinces to exploit different sources of food supply to bring back to the city. The Hoan Kiem company went to Ha Nam Ninh, the Ba Binh company to Hai Hung, the Dong Da company to Thai Binh, Nghe Tinh, and the Hai Ba Trung company to Ha Bac, Thanh Hoa. These companies brought provisions at agreed upon prices and brought them back to sell to the consumers and to fulfill the production and manufacturing needs of the city's precincts. Aside from this, these companies also worked with the suburban districts to purchase more food. Using this method, during the first quarter, the Hoan Kiem company bought 130 tons. At the same time, in the inner city, these companies

organized and bought rice at the markets, the communications hubs and bought the shares of those who do not need them. In the first 3 months of the year, the Hoan Kiem food company succeeded in buying 476 tons of rice, the Ba Dinh company 349 tons.

While supply is short, the food office advised the precincts and districts to be careful to have an equitable and fair distribution. For its parts, when merchandise came in from the central government or the outlying districts, the office planned and divided the food shipments, making sure that all precincts receive rice every day. The office informed the precincts people's committees of the available quantity of rice each day, so that they could supervise the distribution jointly. Based on this information, the food company will again divide its supply to each store. The stores then informed the blocks' people's committees of the quantity of rice received so that they can both participate in the distribution. The current procedure is to divide the rice into several lots, of 5-10 kg each, to be sold to the public.

Next to the counters of rice for sale in the stores, according to the rules, the companies also have private businesses that sell food to further serve the needs of the people and local organizations. In the near future, the food supply will still be inadequate, the quantity of food that arrives will continue to have to be "thinly but fairly spread." Therefore, the distribution task needs to be directed more firmly to avoid disparity of sales to the different stores and blocks, which would lead to unrest. In these difficult times, there are still people in the business who would buy for each other, exchange their supplies so that they can buy in advance and reserve the rice of good quality for their block's cadres, who can, as a result, buy more rice than ordinary people. The above activities need to be closely monitored and severely dealt with.

12654/9274

CSO: 4209/467

HANOI'S ECONOMIC PROFILE VIEWED

Hanoi VIETNAM COURIER in English No 4, Apr 87 pp 16-18

[Article by Luong Dan: "Hanoi in Early 1987: Facts and Reflections"]

[Text]

Life is a complex process of change. It would be too bold an attempt to try to draw a complete picture of the changes happening in Hanoi following the 6th Congress of the Communist Party of Vietnam. One may, however, perceive the main lines of evolution.

Difficulties Are Many

People are generally agreed that Vietnam is going through a difficult time. "Facing the truth", the 10th Congress of the Hanoi Party organisation and the 6th National Party Congress made a profound analysis of the situation and the reasons — both objective and especially subjective — for the difficulties encountered. A new strategic approach has been mapped out and concrete measures are being experimented with. New hopes have been raised but there must be no room for wishful thinking. Hanoians have learnt the hard way to be wary of illusions. In fact, the hard times are far from over and the situation has even worsened in some respects.

The winter of 1986-87 was unusually warm. Man enjoyed the weather but the rice crop suffered. In the suburban villages, 3,340 hectares of rice seedlings, almost half the total sown area, matured too fast, and 35% of the rice area was threatened with crop failure. The most optimistic estimates put possible losses at one-third of the harvest even with the best care. The price of rice on the free market has soared: 60, 70 then 90 dong a kilo.

Consumer goods are scarce. Illicit dealers and black marketeers are on the rampage. The purchasing power of the dong continues to shrink. Wage-earners try to make both ends meet by hook or by crook. Honest people exhaust themselves doing overtime work while malefactors amass fortunes.

Let us examine a "neighbourhood group" of Hang Trong ward in downtown Hanoi. Headed by one Mr Nguyen Van To, it comprises 50 households totalling 260 persons, 90 of whom are workers and public employees, 16 members of handicraft co-operatives, and 26 pensioners. They differ greatly in their life-style and income. Some are rather well-to-do, but most approach the poverty line. There are happy families but some are so only on the surface. Others are racked by quarrels, and a few have at least one of their members in prison. Most families of workers and public employees are really hard up. They have to do something on the side: repairing radio and television sets, making pastry to sell to street-side tea counters, making clothes, doing embroidery or lacework... Some are fairly well off thanks to remittances sent by relatives — overseas Vietnamese or people with employment abroad. Some, though officially listed as public employees, are living in opulence by Vietnamese standards: expensive furniture, stereo, motorbikes and the like. These are traffickers in disguise. One example: a family of seven has none of its members with a regular job. Yet they live more comfortably than most public servants. The mother is a dealer in readymade and second-hand clothes at Cho Trôi — the open-air flea market of Hanoi — with her daughter as assistant, while the father just stays home. Several of the children take private music lessons (Hanoi Moi, Feb. 13, 1987).

A few interpolations will provide us with a composite picture of Hanoi marked by polarisation between rich and poor, between toilers and parasites. Here are some of the major social problems:

— Production is far from satisfying the needs of society;

— Average income is too small and the diet of the working people too meagre;

—Tens of thousands of people are unemployed or underemployed: young people having reached working age; elderly people still physically capable of work...

—Social injustice is rife.

Those are glaring flaws and all, from the man in the street to the city leaders, see them and discuss them.

Where to Begin?

The problems which Hanoi and the rest of the country are facing call for a new socio-economic strategy. This strategy was worked out at the 6th Congress of the Communist Party of Vietnam, the keynote being to abolish the bureaucratic system of centralized management and to build new economic mechanisms which would release the creative powers of the masses. In fact, Hanoi and the rest of the country are full of potentials for economic and social development. The question is how to effect a breakthrough and take the situation out of the mire as soon as possible.

Of late, there has been a great deal of talk about "renovation" and "new thinking". In the daily *Hanoi Moi* (New Hanoi) not a day passes without some reports about "renovation": renovation in the State-owned enterprises, in handicraft cooperatives, in various branches of activity and in departments of the city administration. Efforts are being made to increase the rate of utilization of the capacity of industrial enterprises, which now stands at around 50 per cent; to utilize locally available raw and other materials; to give more financial and marketing autonomy to production units; to expand the service industries; to combat negative phenomena in all spheres of activity. Some methods appear to be fairly audacious but they are in fact based on careful calculations. For instance, to cut losses in this Spring rice crop the Hanoi Leadership, after consultations with noted agronomists, decided to have all the defective rice seedlings rooted up and replaced by newly-grown plants. This bold decision was supported by appropriate incentives. For instance, wherever defective rice plants were rooted up and replaced, and if the soil there was to be ploughed by government-owned tractors, the cooperatives would not have to pay the costs in paddy. The cooperatives were supplied with new seeds and more fertilizers to be paid for only at harvest. In case of crop failure they would have nothing to pay. A bitter struggle took place. One had to wait until harvest time to assess the merits of those measures but in any case they were without precedent.

Initial change has also been observed in State-owned industry. A number of factories have been chosen as pilot units to test the regime of autonomy decided upon by the Party Political Bureau and the Council of Ministers. The targets assigned to these factories are more flexible to allow them to react in time to the conjuncture. The results have been positive in most cases.

Meanwhile, production of products to be exported through contract signed with foreign countries has been promoted. The garment-making factory X.10, the biggest of its kind in Hanoi, is "making earnest

preparations to execute the contracts and will strive to meet the targets in both quantity and quality on schedule", according to Trinh Van Ngan, its deputy director. As for the shoes and leather enterprises, never have they seen "such a bold production policy and such a far-reaching direction for development in both the short and the long term" as set in the 1986-90 plan: export figures will total 290 million units valued at about 600 million roubles.

Neither has the small-industry and handicrafts sector remained static in its planned production of consumer and export goods.

It must be pointed out, however, that those are only initial steps. However promising the prospects, there remain a thousand snarls to unravel, the sequels of a bureaucratic system of management that has prevailed for decades. Meanwhile, new difficulties have cropped up, especially rising prices and runaway inflation. As admitted by the director of the Hanoi Food Processing Factory, improvements at his factory have only touched the "input" (planning, materials supply, wages...) while market forces still hold sway over the "output" (marketing). In not a few cases the value of the "output" falls below that of the "input". Even at the "input" end, problems still abound, for instance, concerning the supply of materials and energy, and especially the wage system. Present wages fail to ensure the simple reproduction of the labour force. Prices, wages and money remain a burning problem and failure to solve it would negate the effect of any economic measure that might be taken. Unfortunately, this problem is beyond the jurisdiction of Hanoi. Understandably, the present measures are only probing steps. The general mood is one of guarded optimism.

Among the economic measures adopted by Hanoi since the beginning of this year and aimed at a "breakthrough" mention should be made of the broadening of private undertakings in both manufacturing and service industries. On February 21, 1987 a resolution was made public entitled "Regulations on incentives to private production and services". Henceforward, all persons able to work may apply for a license to engage in a productive or service occupation, naturally within the framework of the law. This also applies to government factory and office employees provided they do not infringe government time or use public property. Private citizens are allowed to hire up to five persons for their businesses. This policy is a correct and necessary one not only for the present time but for many years to come: it will release potential productive forces among the population and create more material wealth for society, thereby, helping to solve the two major problems of Hanoi at present, namely the creation of more jobs and improvement of the people's livelihood.

This policy is a vivid manifestation of the new "economic thinking". It is a complete departure from the antiquated idea that the more we reduce the private economic sector and expand the State economic sector the better, even though conditions are not ripe for doing so. The fact is also ignored that private economic undertakings are still necessary in certain domains, and will benefit production and the people's life.

Hanoi's huge potentials in this field have thus remained largely untapped.

As expected, the new policy has immediately aroused great interest. In all districts and wards discussions are held between wives and husbands, parents and children, and neighbours among themselves, concerning the newly opened opportunities. In Cho Dua ward for instance, many families think of opening shops making pails, basins, window frames, etc., from scrap iron, or sandals, hand bags, etc., from scrap plastics. But here as in other places, the mood remains one of wait-and-see. Doubts are lingering in people's minds. They don't take the policy at face value. For decades they have lived with a bureaucratic and authoritarian system of management and suffered from vexatious practices. So, they ask: "Is this going to last? Or is this only a flash in the pan? Shall we have to close down before long and be invited to join "State-private" ventures? Shall we be regarded as new "entrepreneurs" if we employ a few workers?, etc.

Said Nguyen Van Phuc, head of the Quan Loc production collective in Hang Bong Street, which specializes in making art objects for export:

"No doubt, the policy will release productive forces. But our biggest worry is whether such departments as the police, the tax collectors, the bank, the market management committee... will seriously implement it. Won't they continue to impose their own laws in spite of the new regulations, thus impeding any move in the new direction?"

In any event one thing is certain: the road has been opened and even stronger steps will be taken. In the past Hanoi has had bitter experiences with the damage that half-measures can do to the economy and the people's life.

The Crux of the Matter: Competent and Honest Officials

Hardship is a fact of life in Hanoi. But the strain does not stem from economic difficulties alone. Crying social inequities are like so many thorns in the side of honest people. While the majority of the Hanoians are living on a bare subsistence level, not a few are living in clover in defiance of all moral norms. They belong to two main categories: the speculators, smugglers, hoarders on the one hand, and the degenerate cadres on the other, especially those in economic organs. These two categories have become the enemy of the people, the enemy of socialism. As pointed out at the 10th congress of the Hanoi Party branch as well as at the 6th National Party Congress, the Party and State organs have for too long relaxed proletarian dictatorship and given these elements a free rein. The large-scale contraband undertaken by the personnel of the Hanoi Shipping Company, soon to be brought to trial, is a case in point. A sizable number of incompetent and corrupt cadres remain in State organs. Failure to remove and punish them has negated measures directed against the thieves and smugglers.

So, to purify the Party and State apparatus is the prerequisite of any large-scale house cleaning. In this respect, encouraging signs have been detected. In 1966, according to the control commission of the Hanoi Party Committee in 99 per cent of the cases, economic offences were sanctioned. In those cases 40 per cent involved officials holding responsible posts, 23 per cent more than in 1965 (*Hanoi Moi*, February 3, 1967). Of course, much remains to be done in this respect. It is not enough to remove the corrupt elements; one must also appoint honest and capable men and women to important posts. There have been a series of important personnel changes at various echelons. It is still too early to predict what will result from them. But in any event the reorganization and strengthening of the apparatus will be directed toward renovation, which is now an irreversible trend. Both the leadership and the population have recognized its imperative character and have shown their resolve to enforce it.

/9274

CSO: 4200/681

RESTRICTIONS ON FINANCIAL MATTERS LIBERALIZED

Hanoi HANOI MOI in Vietnamese 19 Apr 87 pp 1, 4

[Article: "A Number of Supplementary Banking Regulations: Private Commercial and Industrial Enterprises Voluntarily Open Bank Accounts; Jewelry Smiths Are Attracted To and Contract With Jewelry Firms; Expatriates on Home Visits Can Buy Gold at Set Prices If They Are Bringing Gold Into the Country for Their Relatives, the Bank Will Confirm the Right of Ownership"]

[Text] To implement the city's People's Committee's decision to encourage individual production, the city's bank formulated the following guidelines.

1. In the past, because it was obligatory, many private commercial and industrial enterprises opened pro forma accounts only. Now, in keeping with the new spirit, anyone who has a valid need to open a financial account to conduct business or to borrow capital to improve production can do so freely and can patronize the bank (savings and loan institute, or credit union) of their choice.

2. Previously, due to the socialist make over of the private silver and gold dealerships, many jewelry smiths had to change careers. Until recently, a number of jewelry smiths plied their craft illegally. Today, in order to exploit the gold and silversmiths' expertise as well as the government's monopoly on gold and silver trading, the city's bank has been allowed to recruit and organize those gold- and silversmiths who want to work in their trade (including cadres who know the craft but had retired) in the following format:

--The smiths who do not yet have a job can organize into groups or cooperatives and contract with the city's gold and silver company for specific jobs at negotiated prices. These groups can sign with the bank to work the raw material themselves, making jewelry items and works of art from gold and silver and marketing these products themselves through consignment, or they can sell them back to the gold and silver art corporation for negotiated prices.

--The bank will recruit a number of highly skilled craftsmen to work in the stores of the gold and silver trading companies. These craftsmen will be on contract and participate in a profit-sharing program with the bank, based on a percentage of the business and income from waiting on customers (weighing and dating gold, making a piece or polishing privately owned jewelry...).

e. Today, a number of expatriates on home visits are bringing gold with them. Applying the government's current regulations, the city's bank revealed the following:

--When filling out declaration forms that are to be filed with the customs office at the time of entry, anyone who wishes to take their gold with them when they leave must follow procedures set by the customs office, congruent with the current regulations (no one may take out of the country gold of a greater quantity and a better quality than that which they brought into the country).

--In the cases where these expatriates wish to use that gold in country, the following applies,

--If they need to sell, the stores of the gold and silver trading company will buy their gold at predetermined prices.

--If they are bringing the gold to their relatives living in country, the bank will confirm the ownership.

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CSO: 4209/467

SERVICE TRADES APT TO EARN FOREIGN EXCHANGE ENCOURAGED

Hanoi NGOAI THUONG in Vietnamese 20 Apr 87 p 3

[Article: "Hanoi Encourages On-the-Spot Production of Export Goods and Service Trades That Generate Foreign Exchange"]

[Text] The Hanoi City People's Committee has just issued a (temporary) regulation to encourage production of export goods on the spot and expand those service trades that generate foreign exchange.

According to that regulation, state-run, collective, and private installations and family sideline businesses are given opportunities to conduct joint ventures and association with the Hanoi Union of Import-Export Corporations (UNIMEX-Hanoi) to produce export goods on the spot and provide services to earn foreign exchange. Services that are encouraged include: Repairing, renovating, building, and renting houses; interior decoration; repairing automobiles, electrical appliances, and household utensils; medical examination and treatment; propaganda, publicity, and printing; supply of consumer goods; and passenger and commodity transportation. The association formula is based on contributions of capital and corresponding allotments of profit.

Overseas Vietnamese and their organizations may enter into joint business or association ventures with export production installations and export-import corporations to turn out export goods and expand service businesses to collect foreign exchange. The Foreign Trade Service Corporation (SERVICO) under management of UNIMEX-Hanoi may purchase and keep consignment goods belonging to cadres, workers, and students working and studying in foreign countries as well as locally-made merchandise which it may export for foreign exchange.

About the right to use foreign exchange, the city has stipulated clearly that organizations or individuals may use their profits in foreign currency from the sale of products and services to purchase goods from UNIMEX according to common regulations. In case that money is not used up, it may be deposited with the Foreign Trade Bank to earn interest in keeping with the bank's regulations.

In addition, the city has authorized SERVICO to receive foreign currency sent home by overseas Vietnamese to purchase goods in increments. In case that money is not used up, they may have it transferred to their relatives in Vietnam to buy UNIMEX goods.

MEASURES TO DEVELOP SMALL INDUSTRY, HANDICRAFTS OUTLINED

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 24 Apr 87 pp 1, 3

[Article: "Specific Tasks and Means To Increase Small Industry and Handicraft Production in the Near Future"]

1. Actively Implement Three Major Economic Programs Set forth by the Sixth CPV Congress

To step up production and carry out three major economic programs in the small industry and handicraft sector, it is necessary to implement the following principal measures:

--A measure of prime importance is to solve satisfactorily the problem of raw material and energy for production purposes, and to seek by all means to increase sources of raw materials to meet production requirements to the maximum.

--Concerning raw materials which are derived from agricultural and forest products already existing in our own country, local people's committees must draw up projects and plans for sowing, cultivation, reproduction, transformation, and development, and must cooperate with one another not only to satisfy the immediate demands but also to develop long-term production. In addition, there must be a plan to exploit sources of materials derived from agricultural, forest, local, and marine products as well as agricultural by-products, and to collect and fully use discarded materials.

Extensive research must be made into each kind of raw material in order to formulate positive measures to solve problems effectively.

--Concerning imported raw materials, because of the limited ability of state organs at the central level, every locality must try by themselves to meet their own needs by intensively producing export goods so as to be able to buy raw materials from foreign countries, and even by borrowing foreign currency, by collecting it from overseas Vietnamese, and by doing contractual work for foreign countries.

--Concerning raw materials managed by the state, they must be taken into consideration in planning so that the requirements of small industry and handicraft production may be met. We propose that the state continue to transfer to local people's committees the materials that are still being kept for

contractual production by level 1 corporations. As for the raw materials obtained and purchased by the production installations' own efforts, local agencies must create favorable conditions for these installations to acquire them easily without being hampered by market management and tax offices.

--The second measure to be taken is to update both the management mechanism and policy. To start implementing Resolution No 306 of the Political Bureau, it is suggested that the Council of Ministers enact regulations on the apparatus which manages small industry and handicraft production so as to guarantee the cooperatives' autonomy in production, to abolish the bureaucratic centralist management mechanism with its overbearing and discriminatory attitude, and to enable workers in the small industry and handicraft sector to enjoy socio-economic equality. Various policies must be promulgated to develop all economic components, including the collective, individual, and household economies. Anything that hinders production--first of all, the price and tax policies--must be corrected.

--The third measure is to apply scientific and technological advances, to update and provide more equipment and machines, and to pay attention to esthetic adornment so that the manufactured products are of good quality, result from high labor productivity, and have high economic effectiveness. In this regard, urgent attention must be paid first to export goods. The traditional emulation festival to be held in the 1987 spring must be well organized and its result must be used to launch a mass movement for inventions and to make production really effective. It is necessary to expand the activities and network of technical services and research institutes and centers, and actively to improve artisans and train skillful workers.

2. Continue To Carry out Socialist Transformation, To Strengthen and Improve Collective Economic Organizations, and To Perfect Production Relationships While Intensifying Production Development

It is necessary to launch the cooperativization movement continuously, to conduct it with firmness, and to make sure that it is of good quality and fulfills the objective of developing production, opposing formalism, and attains the quantitative norm. In addition to cooperatives and cooperation teams which are two principal forms of production, there must be low-level transitional ones suitable to each sector, trade, object, and area--such as business associations, joint signing of production contracts, and so on. Concentrated guidance must be exercised to strengthen collective economic installations. With regard to cooperatives, continuous efforts must be made to perfect production relationships in three areas--collectivization of production materials; improvement in management and distribution to harmonize the interests of three elements: state, collective, and laborer; and training and advanced training of managerial and professional cadres.

It is necessary to strengthen production relationships, to build a political force (party organizations and youth union chapters) among cooperatives, to intensify control and inspection, to ensure the collective ownership rights of the masses, and to fight against negative practices. Meanwhile, it is necessary to develop production, to provide jobs for cooperative members and improve their

living conditions, to build material and technical bases, to increase collective funds, and to rely on the two tasks of organizing production and applying technological progress to accelerate the advance to mechanization, modernization, and refinement.

With regard to cooperation teams, it is necessary to exercise control, to classify and define them in a clear-cut manner, and to ensure that even those still at a low level are of a cooperative and collective nature. The latter must be consolidated, their socialist collective nature must be gradually enhanced, and they must be promoted to the cooperative level when fulfilling the necessary conditions.

Teams that are cooperative in name only but actually are owned by individuals or by handicraft households must be reinstated in their original and true status without having to disguise themselves as cooperation teams because the state already has a policy to employ these economic components.

Concerning joint enterprises (mainly in Ho Chi Minh City), it is necessary to reexamine them, to request the local people's committees to determine clearly their nature and development direction, and to hold organizations at the higher echelon responsible for their management.

3. Properly Carry out the Political and Ideological Task, Organize and Stimulate the Emulation Movement, and Take Care of the Living Conditions

Continued education with the aim of promoting socialist enlightenment must be provided for handicraftsmen to enable them to follow their profession with peace of mind and confidence in their future. Their responsibility as owners in building and managing cooperatives must be exalted to induce them to perform productive labor with voluntary discipline and professional conscience.

The political and ideological task must not only be confined to meetings, activities, and study but must also be carried out through practical acts in productive labor and management and through the implementation of policies and systems promulgated by the state.

Attention must be paid to broadening propaganda activities in the press, on radio and television stations, and through other mass media. Efforts must be exerted to improve the quality and increase the effectiveness of newspapers and information bulletins published by the sector.

The emulation movement for "good production and skillful management" must be instilled in every installation, person, and task. The experiences gained by various units and localities must be promptly reviewed and disseminated throughout the country.

In 1987, the emulation movement for "good production and skillful management" must aim to implement satisfactorily three major economic programs, continuously to encourage initiatives, to improve technique and management, and widely to apply scientific and technological advances to production in order to improve product quality and obtain additional kinds of products for consumption and export.

Because the lives of handicraftsmen and other strata are still fraught with difficulties, every installation must actively take care of its cooperative members, give them regular jobs to stabilize their income, and, if conditions are favorable, organize the assignment of contractual work to their families in order to increase their income. Attention must also be paid to various kinds of allowances and collective welfare.

Cooperative federations at all levels must request local people's committees and the Council of Ministers to ensure implementation of the policy toward laborers so that the latter may perform production with peace of mind.

After obtaining some initial results, the social security task is being faced with new difficulties caused by many factors. It is necessary to take measures to develop this task continuously because it concerns the laborers' vital interests. The Central Federation of Cooperatives will get in touch with the sectors concerned to remove any impediment while the local federations of cooperatives must continue to collect the fixed contributions to the social security fund and must use it in strict accordance with the promulgated regulations.

4. Train and Improve Managerial, Technical, and Professional cadres as well as Skilled Workers

Training and improving cadres for party bases is a major and urgent need. This year the Central Federation of Cooperatives will carry out some necessary tasks aimed at upgrading the Small Industry and Handicraft Management Cadres' Training School at the central level to the level of advanced school and then college, and also at creating various departments of this school in the southern region. Local federations must assume the task of training managerial cadres at the district and grassroots level according to the elementary and middle curricula, and must also train technical workers and improve their professional skill. Wherever training schools already exist, they must be strengthened to improve the quality of training; if they do not yet exist, they must be founded as soon as possible. The assistance of the Fine Arts Institute must be sought to organize centers to improve the skill of artisans and dexterous workers. Production installations must devise suitable forms of training to improve professional skills. We propose that the state have a plan to recruit cooperative cadres and members for admission to middle schools and colleges. Through the program of work cooperation with Czechoslovakia, it is necessary to send managerial and technical cadres at the grassroots level to this friendly country for practice and improvement of professional standard.

5. Broaden International Cooperation Relationships

Gradual steps must be taken to implement international cooperation based mainly on economic and technical cooperation and primarily with the socialist countries, including Laos and Kampuchea. At the same time, efforts must be exerted to broaden relationships with Southeast Asian countries as well as some West European countries if these economic and technological exchanges prove beneficial in that they help us to develop the production of small industry and handicraft goods, especially those for export. After establishing cooperation relationships with the friendly countries, we must perform realistic tasks right at the outset to win their confidence.

During the course of this year and the coming ones, we will continue to send managerial cadres to study and undergo advanced training in Czechoslovakia and Bulgaria.

The Management Board of the Central Federation of Cooperatives will ask the Council of Ministers to decide on cooperative work and its organization according to the characteristics of the cooperative sector. Meanwhile, we will invite certain countries to participate in the 1987 Spring Traditional Emulation Festival during which we will explore and study the market and sign contracts.

9332/12859

CSO: 4209/473

LABOR SAFETY IN SMALL INDUSTRY, HANDICRAFTS IMPROVED

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 1 May 87 pp 1, 2

[Article by Tran Xuong, Vietnam Confederation of Trade Unions: "Greater Attention Must Be Paid to Labor Safety in Small Industry and Handicraft Sector"]

[Text] Small industry and handicraft production holds a highly important position in the national economy. In the small industry and handicraft sector, there are about 2 million laborers who perform production under extremely difficult and hard conditions. However, labor safety still has many problems requiring attention and solution.

Ten years have passed since the Ministry of Labor and the Central Federation of Small Industry and Handicraft Cooperatives issued directives on labor safety in the small industry and handicraft sector. However, no guidance has been exercised to ensure full implementation of these documents.

In drawing up their yearly plans, small industry and handicraft cooperatives have envisaged the purchase of equipment and means of individual protection but when the year draws to a close, the allocated sum has not been fully spent and the laborers have not been issued all the necessary equipment. The only reason is that the state has not acquired enough of these goods through the medium of the commercial sector. Also, the State Planning Commission at various levels has not paid attention to fixing a quota for the distribution of labor safety devices to the small industry and handicraft sector.

Each year, the small industry and handicraft sector has contractually produced a notable amount and variety of goods to promote agricultural production, including consumer goods of export value and also labor safety devices of various kinds. However, state agencies have not set aside an appropriate percentage of these goods to equip production units at the grassroots level.

Nevertheless, with their self-sufficient spirit, the federations of small industry and handicraft cooperatives in many provinces and cities have so far taken positive measures to provide labor safety devices for cooperative members. The federations of cooperatives in Hanoi and Ho Chi Minh City have taken care to assign the labor safety task in medium-scale and citywide cooperatives to hundreds of technical and policy-enforcement cadres (especially in charge of this task or doing it concurrently with other functions). The federations also

have set forth a system of responsibility at all levels—from the federations to each cooperative, workshop, production team, and cooperative member. Many production teams have each a safety supervisor.

Noteworthy progress has been made in training labor safety cadres. Each year, the federation of cooperatives in Ho Chi Minh City has organized a labor safety training course for 130 persons, including cooperative directors and deputy directors, members of administrative and control boards, and labor safety cadres. In Hai Hung and Nghia Binh Provinces and in Dong Da and Hoan Kiem Wards (Hanoi), training courses on labor safety technique were held recently to educate over 550 persons, including cooperative directors and deputy directors, members of administrative and control boards, labor cadres, and specialized labor safety cadres in cooperatives. Dong Da and Hoan Kiem Wards took these cadres to visit the Labor Safety Exhibition Building of the Vietnam Federation of Trade Unions. Each year, the federation of cooperatives in Ho Chi Minh City has organized training courses to teach safety technique in the use of electric power, chemicals, and pressurized equipment, and to teach the prevention and control of fires and explosions. Each course has about 50 students, and an examination has been held at the end of each course, followed by the issuance of certification cards.

Many cooperatives have paid attention to labor safety and improved this task.

The Thai Ha chemical cooperative has installed fans at the silicate smelting furnace network where the temperature reaches 1,200-1,400 degrees C.

The Toan Loi and Thai Ha cooperatives have installed a canvas pipeline to convey dust from the mineral grinding line to the sediment tank in order to reduce dustiness and retrieve raw materials.

By relying on their own financial capacities and implementing state documents, many cooperatives in the federation of cooperatives in Dong Da Ward have enacted some provisional regulations on labor safety to set the cooperative members' minds at ease so that they may feel attached to the cooperatives.

Female cooperative members have been provided with sanitary bathrooms; those who apply the family planning method are examined periodically for pregnancy and are granted a paid childbirth leave of 4-6 months during which they receive an additional allowance together with swaddling clothes. Cooperative members working in the third shift receive an allowance of 15 dong per night. Some 80 percent of cooperative members receive an allowance while enjoying their on-the-spot summer vacation. Before retirement, cooperative members enjoy a summer vacation of 1-3 months at the holiday resort of the sector and are offered souvenir gifts, etc.

Based on the actual situation in production installations and on the reports submitted by the federations of small industry and handicraft cooperatives in certain provinces, cities, and wards, we have made the following preliminary remarks:

--By assuming the labor safety task (as mentioned above), certain localities have attentively led the campaign to protect the lives and health of laborers

during the production process, and have associated it with the guidance provided for production and commercial activities.

--Instead of waiting for and relying on outside support, these localities have relied on the cooperative members' right of collective ownership to buy equipment and means of individual protection. They have also implemented provisional regulations on offering gifts in kind to laborers during their rest period and on their retirement, and have provided medical examinations and treatment for female laborers, and so on.

--Investments have been boldly made to carry out some projects aimed at improving the environment and working conditions in production lines where heavy work and toxicity are likely to cause labor accidents and occupational diseases.

--By carrying the above-mentioned tasks about labor safety, these localities and installations have, to some extent, reduced labor accidents and improved the working conditions of laborers. However, the work done by a number of cooperatives and production teams is still insufficient, incomplete, and irregular. Consequently and generally speaking, environmental sanitation and working conditions in these units are still inadequate, the working places are neither neat nor orderly, production equipment failing to meet safety conditions is still being used, technical equipment is still of low standard, the electric power network is patchy, hard work and toxic substances have affected the laborers' health, and many accidents have happened.

Based on these facts, may we suggest the following measures:

--It is necessary for the Central Federation of Small Industry and Handicraft Cooperatives to formulate measures and draw up a plan as soon as possible to guide all echelons in the sector to carry out the labor safety task. It is especially important for the small industry and handicraft sector to apply the 7 topics and 20 parameters on labor safety control and self-control and on emulation achievement evaluation as stipulated in the interministerial circular issued by the Ministries of Labor, Public Health, and Interior and the Vietnam Confederation of Trade Unions.

--In conjunction with the Central Federation of Small Industry and Handicraft Cooperatives, the Ministries of Labor and Public Health must promptly take measures to boost the labor safety task to protect the lives and health of small industry workers and handicraftsmen while coordinating this task with the improvement of the new management apparatus. They also must ask the state to promulgate policies and regulations suitable to this sector in order to contribute actively to implementing the three economic programs set forth by the Fourth CPV Congress.

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CSO: 4209/473

1ST QUARTER PRODUCTION OF HANDICRAFTS INCREASES

Hanoi HANOI MOI in Vietnamese 14 Apr 87 pp 1, 4

[Article: "First Quarter: Municipal Small Industry and Handicraft Sector Succeeds in Increasing Production by 19.4 Percent in Comparison With Last Year; There Are Now an Additional 68 Cells and 221 Individual Households Working on Handicraft, Consisting of 921 Workers Who Have Started New Service and Production Organizations"]

[Text] During this year's first quarter, thanks to good overall preparations at the end of last year and much more planning and new policies encouraging production and guaranteeing autonomy of production and management for the individual industrial organizations, the city's small handicraft industry was able to increase its production to over 620.2 million dong (using the 1982 fixed prices) in spite of many difficulties, thus achieving 20.8 percent of the year's planned total and increasing production by 19.4 percent over the same period of last year. As for the production of consumer goods, the organizations have taken the initiative in order to overcome difficulties thanks to a positive attitude, dynamism and creativity, especially by exploiting, gathering and buying new raw materials and defective materials outside the plan and by researching and developing new sources of supply.

They augmented the materials supplied by the government in a timely manner, gathered 502 million dong, an increase of 18.4 percent over the same period of last year. Many categories of goods experienced a fair increase, such as common pottery, the production of which increased by 35 percent, leather and imitation leather goods, 130 percent, food manufacturing, 120 percent. However, there are still a number of categories of goods where production is still low, e.g. new car production only reached 15 percent of the quarter's planned quota, sheet metal and tin plate production, consumer aluminum production only met 68 to 70.9 percent of the planned quota. Of special note, the weaving industry, one of the strongest industry of Hanoi's small handicraft industries, only realized 14.7 percent of the year's quota during the first quarter even though it was supplied with enough material to meet 5 months of production due to low contract rates, which were not speedily corrected, workers (mostly among the agricultural sector) who were not enthusiastic about producing and who switched over to agricultural work or other handicraft work which pays better.

As for products for export, because of a lack of raw materials, low prices, and diminishing demands for a number of mass produced merchandises, these industries only achieved 65.9 percent of the quarter's quota, and only equaled 89.8 percent of last year's production.

Looking at this year's first quarter, in general the whole sector only fulfilled 90.6 percent the planned quota for the quarter. However, Hanoi's handicraft workers believe in the direction they are taking since the city has adopted many new solutions and policies, is actively overcoming difficulties and obstacles, and is earnestly encouraging production and development. Of note, after the city instituted temporary regulations encouraging individual production, setting up family and service regulations, the Hanoi handicrafters have boldly initiated the direction of their businesses in spite of residual doubts about the tardiness of the related sectors to produce concrete guidance documents. They understood their responsibilities to contribute to the solution of the two central tasks, work and way of life. According to preliminary reports, in four precincts, without counting the number of small families involved in handicrafts who have registered, the sector has acquired an additional 367 production and service and repair establishments, consisting of 86 cooperative cells, 221 individual handicraft families with 921 employed workers.

During the second quarter, the small handicraft industry is determined to produce goods worth 744 million dong, increasing production by 20 percent compared to the first quarter, with an increase of 22.3 percent in consumer goods and an increase of 61 percent in goods for export. The sector did and is promoting the categories of goods which are in demand, for which there are plenty of raw materials such as bicycle accessories, gauze, large width fabrics, towels, common porcelain, crystal, roof tiles, sheet metal and tin plate, aluminum goods, nails, new cars, arts and crafts, wicker goods and woven corn rugs, corn car mats for export, etc.... The sector has organized a new competition to garner achievements to commemorate the bit May anniversaries (1 May and 19 May) and to celebrate the 70th anniversary of the October revolution, to create a notable change in the production of consumer goods and goods for export, including changes in the quantity, quality and types of goods.

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CAUSES OF SHODDY JOBS DONE BY YOUTH UNION PROBED

Hanoi THANH NIEN in Vietnamese Jan 87 pp 25-26

[Article by Vu Binh Minh: "Fewer Projects Are Preferable Provided They Are of Good Quality"]

[Text] At the recent symposiums on communist youth projects, many comrades spoke of "inflation" in projects and some of them even pointed out that the agreement to execute a project for the sole purpose of registering an achievement and vaingloriously producing a showpiece will turn this noble form of youth's undertaking into a run-of-the-mill activity.

In his letter, Pham Van Nghi, a comrade residing in Ho Chi Minh City, cited several instances of slipshod work in projects built by the communist youth. For example, five of the poles which carry high voltage wires extending from Ho Chi Minh City to Vung Tau and which were planted by the youth union in the Electric Wire Corporation and Station 2 have tilted and fallen down, interrupting the power supply to the Vung Tau Oil and Gas Utilities. Construction of the Hoa Binh Hotel--an imposing and splendid building adjacent to the main road leading to Tay Ninh City--is also the work of young people. Despite its showy look, the hotel has been plagued by unacceptable technical defects which are being corrected. These repairs have cost millions of dong and made it inconvenient to provide various services for the hotel guests.

The desire to make achievements has caused heavy economic losses and reflected on the union's prestige. Many persons, especially those who directly manage and use projects, have become wary of such projects built by the youths.

Meanwhile, the erroneous wish of many cadres to develop the youth movement evenly and simultaneously with the presence of youth projects has led to the emergence of numerous communist youth projects in various subwards, villages, schools, and production installations. Consequently, many signs bearing the word "project" have been seen hung at the entrance of roads and in street corners. However, when asked about the problems to be solved by these youth projects, the local cadres felt embarrassed and could not give any explanation.

On this point, we must reassert the objectives and requirements of the union when it agrees to build communist youth projects. These objectives and

requirements have already been discussed in the previous articles of THANH NIEN.

What is the cause of the above-mentioned phenomena?

The last part of each year is a period when the yearly plan is also in its last stage and when the remaining work is still voluminous while the deadline is drawing near. This is the time when it is easy for the union to "be allowed" to accept the execution of "youth projects." Many union cadres also believe that the union must readily accept these projects at the request of the party and the technical sector. This argument may be considered sound if the union executive committee has, to some extent, made preparations and taken the initiative. To our knowledge, however, the union has been put in a passive position in most circumstances: It has been ordered to fill a gap and the zeal of young people has been misused. When obliged to accept jobs in this manner, the union has had to use its prestige and to try by all means to do these jobs even by "assigning" to the appraisal chapters the "task" of assessing construction quality with little rigor. In this connection, we must remember that from the technical point of view, A and B are two different agencies. However, because of their scant membership, many union chapters in charge of supervision in agency A have often merged with the local union chapters in agency B. This situation will very likely lead to "sympathetic understanding."

Anniversaries and emulation drives to greet important events are also occasions for project "inflation." As far as we know, union chapters at the grassroots level also have taken these opportunities to call at various agencies to request the "grant of projects." Because these projects have been "granted," jobs of any kind have been readily accepted! And every effort has been made to embellish them and turn them into communist youth projects.

On the other hand, the upper echelon has also put pressure on the execution of projects. For example, these days the number "six" has been continuously used to set norms for the accomplishment of youth projects though everyone knows that it is not easy to complete within a limited period the construction of any project for the benefit of a certain installation or ministerial agency.

All things considered, any "youth project" which is accepted under compulsion--no matter whether the pressure is exerted from inside or outside--will very likely lead to formalism and affect the union's prestige.

As a form of union activity, the youth projects aim to develop the assault role of young people to overcome difficulties, to step up production, and to shape the new lifestyle within the framework of the economic, cultural, and social plans of various localities and installations.

Therefore, union cadres--especially those specialized in organizing and directing union activities--must fully understand the requirements and conditions of youth projects, draw up a plan and program of action and, on this basis, give good advices to union executive committees at the grassroots level, and send reports to the party. Persuasive measures must be consistently applied to gear

these youth projects toward the union's program of action and the plans of the installations or localities concerned. Moreover, the thinking method must also be boldly changed.

For example, the question of the time limit set for completing youth projects must be addressed. Is it absolutely necessary to exceed the fixed construction speed? In our opinion, if the deadline fixed for the completion of a project must be extended pending the solution to a technical problem or the delivery of some kind of material supply, then the union executive committee at the grassroots level had better wait. The delay of a few days or weeks will be tolerable if construction quality proves good and if the project can be effectively used, which is an essential requirement. We must not always believe that only by exceeding the fixed construction speed can we meet the requirement that the job be done satisfactorily.

During the building of youth projects, it is necessary to intensify the activities of inspection teams and those of young scientists' and technicians' committees. In addition to contributing views and making suggestions about the construction of projects, it is also necessary to intensify control over the implementation of technical regulations as well as the quality of construction in order to prevent sloppy work.

The youth projects must be the typical jobs of the union and inspire it with pride.

We hope that the Youth Union will take the necessary measures to update and improve the quality of youth projects. Nevertheless, the presence of objective and uniform factors is essential. A new strength will be instilled in the union organizations if party cadres and party committees at the grassroots level as well as party members in charge of managerial agencies firmly grasp the requirements and conditions involved in the implementation of youth projects, if they put the youth projects in the right place within the overall plans of the units and localities concerned, and if they consider that the youth projects must have the effect of forming and training young people. The time has come for the leadership exercised by the party over the youth's affairs to acquire an in-depth dimension.

The need for a more rational concept of the union's activities, including youth projects, must not be dissociated from the struggle to overcome unwholesome manifestations and tendencies of this form of activity.

It is necessary to eliminate the propensity to register achievements and ostentatiously to display them, for only by doing so can one improve the quality of this form of youth activity and promote its development in the right direction.

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EDITORIAL QUESTIONS RATIONALITY OF 'ECONOMIC ACTIVITIES'

Hanoi QUAN DOI NHAN DAN in Vietnamese 14 Mar 87 p 1

[Article by Huy Hung: "Abuse in Economic Production"]

[Text] At present, all units, factories, and work sites are using many flexible forms of contractual work to develop the producers' sense of responsibility, to enhance their creativeness, to increase labor productivity, and to ensure product quality. Units which do not specialize in economic production have also found suitable forms of contractual work to facilitate the accomplishment of missions assigned by the higher echelon. However, in addition to rational forms of contractual work, many other contractual measures have been taken which, instead of stimulating production, have given rise to negative phenomena in the socioeconomic sphere. We must first mention the "budget contracting" method by which the high echelon requires the low one to try by all means to balance the budget—that is, to manage to collect a fixed amount of money—sometimes without considering the production ability and scope of the unit concerned. Worse still, the high echelon sometimes compels the low one to earn a fixed amount of foreign currency. By applying this contracting method without creating favorable conditions for the subordinates to fulfill the contract norm, the high echelon assigns tasks to the low one, which in turn reassigns them to the unit on the next rung down. This contracting method has inevitably forced the low echelon to try to fulfill the contract norm set by the high echelon, and simultaneously to make some profit to ensure its own subsistence and to set aside some savings.

As a unit whose mission is to train for combat readiness, Group Q has fully used its nontraining time to carry out economic activities according to the task assignment plan formulated by the higher echelon. Contrary to what I saw in the past, during my recent visit to this group, I found that many of its offices were rather deserted and that its specialized bureaus and sections either had their doors closed or were run only by a few people. On arrival at the political section, I met an assistant propaganda-training cadre who was hastily preparing to go out to do something. He whispered to me: "Excuse me, we are in the height of the economic production season. Moreover, my own section has had a mishap: For lack of valid documents, our lumber-bamboo raft has been detained by the forestry authorities so that both the chief and deputy chief of my section have gone to arrange this affair." Seeing that I could not hide my surprise, the assistant cadre added: "The commander of my unit

believes that to carry out economic activities, we must be versatile and employ any means whatever provided we contribute our share according to the set norm. While other sections have started baking bricks or quarrying stone, people in my own section have resorted to the 'price differential' method because we are few in number and none of us has any professional skill."

On its part, unit B has used a "neater" method: Its commander has sent a number of combatants to a certain locality and requested them to return to the unit at the scheduled time to hand in a fixed amount of money earned through "economic activities." This "blank check" contracting method has led to many troublesome irrationalities. Some soldiers with professional skill have taken up carpentry or masonry on holidays while others have ganged up and "cooperated" to saw lumber in a forest and sell it for money; after handing the fixed amount of money to the commander, they have spent the remainder for themselves. Because they cannot find a job, some soldiers have been obliged to ask money from their families and have used it to pay their shares. Stationed in a region where traffic is somewhat heavy, unit K has devised a more original method of "economic production": All vehicles running on the section of road controlled by the unit have had to pay a toll allegedly to help "keep the road in good repair."

Whenever these initiatives in contracting out work become known to the high echelon, they have been promptly forbidden. However, because of their bureaucratic manners, some high-echelon cadres know nothing about these practices and have even praised their subordinates' skill in doing business and ability to contribute the fixed amount of money. It is clear that under the "economic production" label, many forms of contractual work have been devised which have, in reality, proven harmful rather than useful, disrupted the market, damaged national property, given rise to negative practices, and tarnished the ethics of cadres and soldiers.

It is urgently necessary to reexamine the contracting methods and norms applied by all units, and to encourage contracting methods that stimulate production, develop the sense of responsibility, inspire initiatives, and induce people to produce more goods of high quality. Regardless of the echelon at which they are initiated, all contracting methods, in general, and all commercial activities, in particular, that engender negative practices must be resolutely prevented and stopped. Instead of jumping for joy when receiving money of any kind, we must wonder where it comes from, how it has been acquired, whether it has really been earned through productive labor, whether these economic activities have promoted production development and contributed to social wealth or have damaged the natural and material resources of the country, and whether the way these economic activities have been carried out conforms to the function vested in and the task assigned to the persons concerned. We hope that these questions will be carefully pondered by the authorities at various echelons whenever they start implementing any economic production plan.

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BRIEFS

NEW BRIDGE FOR RT 1 OVER KY CUNG RIVER--The construction of a bridge over the Ky Cung river in the northern province of Lang Son has been completed ahead of time for the 97th birthday of the leader of the revolution and 1st president of an independent Viet Nam, Ho Chi Minh. The new reinforced concrete bridge, which is more than 100 meters in length, provides for uninterrupted movement of traffic on Route 1--the most important major road in Viet Nam, which runs the entire length of the country from north to south. The bridge and highway builders are dedicating their success to this memorable date, which is being celebrated throughout the nation. The first columns of vehicles have already passed over the bridge. [Text] [Tselinograd FREUNDSCHAFT in German 22 May 87 p 3] 9581/12951

JOINT USSR-VIETNAM MARITIME RESEARCH--"Efficiency"--this was the most frequently used word at the USSR-Vietnamese scientific symposium which took place at the Institute for Maritime Research in Nha Trang. The participants were summing up the collaboration between scientists from both countries in the last 5-year plan period in the area of geological and geophysical research on Vietnam's continental shelf and they established tasks and directions for joint activity for the period until 1990. Paying tribute to the broad perspectives in their collaboration, the speakers emphasized that the research was not an end in itself that the scientific data gathered was helping to tap the rich economic potential of the continental shelf and was thereby exercising an effective influence on Vietnam's economy in the years ahead. The first joint USSR-Vietnamese operation "Vietsovetpetro" exists today in Vung Tau in South Vietnam and its assignment is to drill for oil on the continental shelf. The completion of joint scientific research formed the basis for this operation. Today, scientists from the two fraternal nations are assigning themselves the task of increasing the practical utility of the scientific research that is being undertaken as part of USSR-Vietnamese cooperation. [Text] [Tselinograd FREUNDSCHAFT in German 5 Jun 87 p 3] 9581/12951

BANK PAYMENT IRRATIONALITIES--So far, state organs and shops have used checks to make payments to small industry and handicraft production installations which have, on the contrary, been compelled to pay 100 percent cash whenever they want to buy something from these organs and shops for production. This is an illogical procedure. Moreover, installations which borrow cash from the savings fund (a bank department) have to pay an exorbitant interest rate of 8.1 to 10 percent per month but have received only a monthly interest rate of 1 percent on their bank deposits. These irrationalities have affected and hampered the production activities of these installations and have aggravated

the current shortage of goods for domestic consumption and export at a time when prices are spiraling upward. For lack of cash, production installations have been obliged to sell their products in the free market to earn money to ensure the subsistence of cooperative members. If this situation goes on, the state will be unable to acquire goods and hence to control the market, prices, and so on. In the past, our own installation was allowed to withdraw each week 5 to 10 percent of its bank deposits; recently, it has been denied the withdrawal of even a single dong per week and has been allowed to withdraw only 1 or 2 percent of its surplus deposit. Since it does not have enough money to pay the cooperative members' wages, how can it be expected to expand reproduction? Therefore, solving the cash problem for small industry and handicraft production installations is a vitally important and urgent question at the present time. Only if sufficient cash is made available to defray essential expenses can favorable conditions be created to implement satisfactorily the three major economic programs set forth by the Sixth Congress. [Text] [Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 3 Apr 87 p 5] 9332/12859

CSO: 4209/473

DEFENDANTS IN LABOR BRIBERY CASE CONVICTED, SENTENCED

Hanoi HANOI MOI in Vietnamese 16 Apr 87 pp 1, 4

[Text] On 14 and 15 April, the Municipal People's Court has tried, in first instance, Nguyen Dao, director of the Public Lighting Management Enterprise and his accomplices for bribery in sending workers abroad for an international labor cooperation program.

The defendants' criminal acts were reported as follows:

On 7 February 1987, a quota of 39 workers skilled in electrical assembly for overseas duty was given by the director of the Municipal Public Works Department to the enterprise. Enterprise director Nguyen Dao received the decision and in turn, without making a public announcement, forwarded it only to the chief of the organization bureau and to production group leaders. As a result, only workers directly informed by their leaders knew about the program and registered. Dao ordered Ngo Van Kim, group leader of the machine operations group No 2 that any worker registering for an overseas trip had to pay no less than half of a tael of gold, and if the registrant was a trainee, he had to pay more. The payment had to be made upon the issuance of the notice to report, and if a registrant failed to give the bribe, the notice to report was to be torn up.

Kim gave the information to four workers named Hoang Van Hoan, Nguyen Quoc Tuan, Ngo Van Thang, and Nguyen Dinh Hieu, and to Duong Van Son, a trainee. Realizing that the scheme was initiated by the director himself and that Kim was but an operative, Hoan and Tuan agreed to ask Dang Huy Khoi, Dao's son-in-law, to act as an intermediary to introduce them to Dao. The bribe would be handed directly to Dao, and the two men were pretty sure that they would be selected. The arrangements resulted in an appointment between Tuan and Hoan with Dao at 83 Phi Truong Road, Giam Lam, for remittance of the gold.

As far as Ngo Van Thang is concerned, after his name was placed on the list of selected workers, he made a gift of one-tenth of a tael of gold to Dao. Dao gave the gift to Khoi.

Duong Van Son the trainee promised to give Kim seven-tenths of a tael of gold, but the bribe was never given because of the arrest of Kim.

Nguyen Dinh Hieu, unable to buy gold, remitted 60,000 dong with Kim's consent. Son-in-law Dang Huy Khoi, on his own initiative, met with Tran Van Thu, a security guard of the enterprise, and promised Thu that he could go overseas if he paid six-tenths of a tael of gold. Thu agreed and went with his brother-in-law to Dao's home to give the gold. The same scheme was repeated with other persons and Dao and his acolytes received other bribes.

After the affair was uncovered, on 27 March 1987, the Municipal Labor Department reviewed the files of 38 applicants submitted by the personnel bureau of the Public Lighting Management Enterprise and found out that 25 candidates did not meet the criteria. It concluded that Dao had abused his position to bend the rules and to recommend people not meeting requirements in exchange of bribes.

The case was deemed serious because the defendants were charged with harassment and conspiracy in asking and receiving bribes, because the violations occurred repeatedly on different victims, and because the bribes were of great value. Director Nguyen Dao, a decadent cadre and the instigator of the scheme, had to bear the main responsibility for corrupting the ranks of his subordinates. The court ruled that Dao did accept bribes from eight individuals amounting to 3.9 taels of gold (including 2.5 taels actually received); that Ngo Van Kim did act as an accessory, asking for bribes from five individuals amounting to 3.3 taels of gold (including 1.5 taels actually given to Dao); that Dang Huy Khoi lent his support to Dao in the acceptance of 2.5 taels of gold; and that Nguyen Thi Suu, Dao's wife, did receive from her husband 1.4 taels of gold for hiding but the woman was extremely recalcitrant and did not tell the whole truth. The People's Court pronounced the following sentences:

--Nguyen Dao, 8 years in prison, 600,000 dong of fine, barred from any position of leadership for 3 years after his release from custody,

--Ngo Van Kim, 3 years in prison,

--Dang Duc Khoi, 3 years in prison,

--Nguyen Thi Suu, 2-1/2 years of prison.

In addition, the court ruled that all physical evidence pertaining to the case, such as watches, bicycles, cash, etc., to be confiscated and made public property. Some of Dao's personal property was also impounded to ensure compliance with the sentence.

The Municipal People's Court also recommended:

--That evidence pertaining to possible criminal charges against Dang Tran Tuong, chief of the organization bureau of the Public Lighting Management Enterprise and Le Minh Phon, cadre of the organization bureau of the Municipal Public Works Department be thoroughly reviewed.

--That the Municipal Public Works Department study the case for better cadre management and avoidance of recurring mistakes.

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CSO: 4209/466

VIOLATIONS OF PEOPLE'S RIGHTS TO GRIEVANCES DISCUSSED

Hanoi HANOI MOI in Vietnamese 17 Apr 87 p 2

[Article by Dang Ngoc Quy, of the People's Supreme Court: "Learning About the Law: Violation of the People's Right To Express Grievances and Complaints"]

[Text] The right to express grievances and to denounce wrongdoings is one of the fundamental rights of the people contained in Article 73 of the Constitution: "The citizen has the right to express grievance and to denounce any illegal deeds of government agencies, social organizations, armed forces units, or of any individual belonging to those agencies, organizations, and units, and to submit those grievances and complaints to any state agency.

"Grievances and complaints must be rapidly reviewed and resolved. Any violation to these legitimate rights of the citizen must be promptly corrected and severely dealt with,"

To ensure the strict and thorough enforcement of the right of the citizen to lodge grievances and complaints, on 27 November 1981, the State Council issued a regulation providing for procedures in the review and resolution of the people's grievances and complaints. Likewise, the Council of Ministers has also issued Decree No 58/HDBT dated 29 March 1982 containing instructions for the execution of the State Council's regulation,

The regulation stipulates that the citizen who wants to express a grievance or complaint can lodge a written protest or make a verbal report to any state agency from the local to the central level. State agencies must consider and resolve grievances in 1 month and complaints in 2 months. Complex cases may be resolved in as long as 3 to 6 months on the following principle: Grievances and complaints against an agency, an organization, or their personnel, under the management of a sector or a level shall be considered by that sector or level (Article 12 of the regulation).

As it stands now, there has been a backlog of grievances and complaints at government agencies, because of the following reasons:

1. In many instances, complaints were solved in conformity with current policies and with the law, but complainants did not feel satisfied and resubmitted their complaints to another agency.

2. At some agencies and organizations, cadres having the authority to consider and resolve grievances and complaints did not thoroughly grasp the basic spirit of the regulation. As a result, they used to relegate the resolution of these matters to their subordinates, causing certain cases to be dragged on or to receive half-baked solutions to the discontent of complainants.

3. Many complaints pertained to many sectors and levels, but there was a lack of coordination between related agencies for a concerted resolution. On the contrary, different agencies used to kick the ball to the other's camp and elude responsibility.

In addition to the above shortcomings, there have recently been cases in which cadres in positions of power blatantly disregarded the law and rudely violated the basic rights of the citizens. They not only refused to resolve complaints, but also sought to cover up their crimes and moreover, to retaliate against those who dared tell the truth for their own interests or for the public's good.

In order to protect the citizen's rights to express grievances and complaints, to strengthen the rule of the law, and to fight negativism successfully, Article 127 of the Penal Code stipulates:

1. Any person who is convicted of the following crime shall receive a warning, shall be placed in a reeducation program for 1 year without custody, or shall be sentenced from 3 months to 1 year of prison:

a. Taking advantage of their position or authority to obstruct the exercise of the right to grievances and complaints, to impede the resolution of those grievances and complaints, and to hinder the imposition of penalties on the person against whom the grievance or complaint is directed.

b. Willfully disregarding an authorized organization's decision to resolve a grievance or a complaint, such disregard causing harm on the person lodging the grievance or complaint.

2. Any individual who wages an act of reprisal against the author of a grievance or a complaint shall be placed, without custody, in a reeducation program for up to 2 years, or shall be sentenced to 6 months to 5 years in prison.

Therefore, besides hearing citizens' grievances and complaints, the people's courts will also handle criminal violations of the above-mentioned article of the Penal Code.

Acts violating the rights of the citizens to express grievances and complaints include:

1. Acts involving cadres in charge of receiving, transmitting, and resolving grievances and complaints who, because of personal motives, take advantage of their position and authority to impede the exercise of the right to complain and to denounce wrongful acts, and to obstruct justice in the resolution of

those cases against individuals named in grievances and complaints, such as destruction or withholding of written grievances and complaints, willful destruction of evidence, or divulgence of information pertaining to investigations and causing serious consequences.

2. Any willful disregard of a decision made by an authorized agency relative to a grievance or complaint, such disregard causing harm to the person lodging the grievance or complaint, for example: an authorized agency renders a decision ordering the rehiring of a complainant (because the latter was unjustly dismissed), the return of an illegally confiscated dwelling, or the restoration of a right unlawfully taken away, but the individual who has made the mistake or the responsible person in charge ignores or procrastinates the execution of the decision. If an objective and legitimate cause justifies the non-execution of a decision, that does not constitute a criminal offense.

3. The person named in a complaint or any individual defending that person who engaged in an act of retaliation against the complainant, such as infliction of bodily injury, forced resignation, murder, slandering, destruction of property, shall receive a commensurate punishment in accordance with the article mentioned above and with other related articles contained in the Penal Code.

To deter the abuse of the right to grievances and complaints in an explicit scheme to hurt the honour or interests of another person, of a government agency or of a social organization through the spreading of fabricated information on an alleged crime or a serious wrongdoing, criminal prosecution shall be conducted against the individual responsible or in the case of an agency or organization, against the person in charge.

Individuals charged with diffamation or slandering shall be prosecuted per Article 117 of the Penal Code.

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